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Herald Tribune
INTERNATIONAL

Published With The New York Times and The Washington Post

No. 33,134 36/89 **R PARIS, MONDAY, SEPTEMBER 4, 1989 ESTABLISHED 1887

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Bush on Peace Offensive

He Plans Initiative to Speed Arms Control

By David Hoffman
Washington Post Service

KENNEBUNKPORT, Maine — President George Bush returns to Washington on Monday with plans for an intensified round of high-level diplomacy with the Soviet Union, including arms control initiatives.

Officials said work is also under way for a U.S. proposal on reducing chemical and biological weapons. Some officials hope that the pace of talks on reducing strategic nuclear weapons can be accelerated, and a date set for the president's first summit meeting with President Mikhail S. Gorbachev of the Soviet Union.

Mr. Bush has an ambitious fall schedule that includes a focus on the domestic problems of drug abuse, education and the federal budget. He plans to travel extensively around the nation this month and will attend a meeting in October with hemispheric leaders in Costa Rica, his fifth overseas trip since taking office in January.

Still enjoying a high level of public approval, Mr. Bush faces the prospect of greater confrontation with Congress than in the first months of his presidency. Conflicts loom over taxing and spending as deadlines approach in October for action on the budget deficit.

Mr. Bush also plans to campaign for Republican gubernatorial candidates in New Jersey and Virginia and may pitch in for Republican hopefuls in several upcoming special House elections.

Following a pattern set during the early months, foreign policy holds a dominant place on Mr. Bush's agenda. According to administration officials, the president and Secretary of State James A. Baker 3d are planning an intense period of superpower diplomatic activity.

Mr. Bush has already received some presentations on the new chemical weapons proposal, officials said. If approved by him, this initiative may be ready for Mr. Baker to carry to his meeting with the Soviet foreign minister Eduard A. Shevardnadze in Wyoming from Sept. 22 to 23. The Wyoming meeting also could produce agreement on a date for the first summit meeting.

Immediately after the Wyoming session, Mr. Bush plans to deliver his first address as president to the United Nations General Assembly, which may provide the forum for other arms-control initiatives.

Mr. Bush, who was accused in the first months after taking office of dragging his feet in dealings with Moscow, devoted the spring and summer to efforts aimed at solidifying the Western alliance and encouraging democratization in Eastern Europe. Now, officials said, he and Mr. Baker are hoping to turn their attention to more direct dealings with Mr. Gorbachev.

The officials said events in the Soviet Union, including a Communist Party backlash to Mr. Gorbachev's domestic changes and continuing unrest in the Baltic states, have made it even more urgent that Mr. Bush tackle some of the issues on the U.S.-Soviet agenda.

Mr. Bush has often said he wants to see Mr. Gorbachev do well, but senior U.S. policy-makers continue to have private doubts that the Soviet leader's ambitious economic and political efforts for change will succeed.

Mr. Bush has said reducing chemical weapons is one of his priorities, and in the last round of talks U.S. and Soviet negotiators agreed to the concept of trial inspections before signing a treaty. U.S. officials are developing a pro-

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Reuters

Under a statue of Lenin, some of the more than 100,000 Azerbaijanis who gathered in Baku to show support for autonomy.

Soviets Say No to Autonomy

Nationalists Say They Have Gone Too Far to Stop

Reuters

MOSCOW — Kremlin conservatives have said they want nationalist movements in outlying Soviet republics stopped, but activists say the autonomy push has gone so far in some areas that Moscow will find it difficult to halt.

Yegor K. Ligachev, a Politburo member and a leading conservative, has demanded political action against nationalists who have flourished under the movement for change in Moscow, although he said the government must not be repressive.

"We must take measures," Mr. Ligachev said. "But not repressive measures, not dictatorial measures, but political measures. Let me say again — we must do it not through dictatorship and repression but through consolidation of the unity of the party."

Short of brute force, however, it is unclear to many Soviet observers how the Kremlin can halt nationalist unrest in non-Russian republics, especially Lithuania, Estonia and Latvia, where it has become respectable to talk about outright independence from Moscow.

"I think it is not so easy," said Tarmu Tammerk, an Estonian journalist. "No one has the right to tell us to change. It is not like the old days when Moscow said this will be the new party leader in our republic and everyone would just agree.

"But," he added, "they could make us wait for things, slow our progress."

Mr. Ligachev's comments, aired on national television Saturday, followed a similar call for action against nationalists by a former KGB chief, Viktor M. Chebrikov, on Friday and a Central Committee statement that denounced Baltic "extremists."

Despite the warnings, leaders of mass political movements in all three republics said they would pursue programs to loosen or cut ties with the Soviet government and Communist Party.

And although Baltic party leaders issued conciliatory statements aimed at placating the Kremlin, there were clear signs that they would not side with Moscow against local autonomy movements.

"Sometimes we must abandon positions," said the Lithuanian leader Algirdas Brazauskas on Friday in the newspaper of the nationalist movement Sajudis, "but our principles remain the same."

In Latvia, a spokesman for the local Popular Front, Janis Jurkens, said Sunday that the movement planned in the next few days to publish a draft program that addressed possible secession from the Soviet Union.

In Lithuania, Sajudis urged the leadership not to delay until next month a parliamentary session due to consider laws on citizenship and referendums. A decision is expect-

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Walters: German Unity Soon

U.S. Ambassador Envisions an Early Reunification

Compiled by Our Staff From Dispatches

BONN — Vernon A. Walters, the U.S. ambassador to West Germany, said Sunday that the current exodus of East Germans to the West showed it was abnormal to have two Germanys and that he believed the two countries could be reunited in the near future.

He said in a radio interview that President George Bush "has said that we are for such a development if it were to be achieved peacefully and through free elections by the population."

Mr. Walters, 72, said the West should support change in Eastern Europe the way the United States helped finance the reconstruction of Western Europe after World War II.

"It is not normal with two Germanys," Mr. Walters said. "We must live with realities. We have an embassy in East Germany." But Mr. Walters said that "this stream of people now coming out shows that Germans are concerned about the division.

Asked if he could imagine a united Germany in the near future, Mr. Walters replied, "Yes." He spoke in German.

There was no indication that Mr. Walters's remarks had been cleared by the State Department. The United States has said in the past that it favors reunification, but it has said nothing about when it expects this to happen.

Nearly 100,000 East Germans are expected to settle in West Germany this year, more than twice the 1988 figure. Most have obtained exit visas, but some 6,000 have fled across the newly relaxed Austrian-Hungarian border this summer.

Mr. Walters also said that the 300,000 U.S. troops in Europe would remain as long as the North Atlantic Treaty Organization felt they were needed, and that the alliance must still rely on nuclear weapons in Western Europe as a deterrent against war, the radio said.

But he said that if West Germany wanted U.S. troops to leave, the United States would take them out, according to the radio.

"If you say leave, then we'll leave," Deutschlandfunk quoted Mr. Walters as saying.

In a solemn ceremony in Bonn marking the anniversary of the Nazi invasion of Poland last week, Chancellor Helmut Kohl of West Germany expressed hope that changes now under way in Eastern Europe could someday lead to a reunified Germany.

"The crumbling of decades of incrustation in Europe brings new hope for the unity of our fatherland," Mr. Kohl said.

In an equally solemn commemoration in East Berlin, Foreign Minister Oskar Fischer of East Germany warned that anyone trying to redraw the postwar map of central Europe "plays with fire."

(Reuters, AP)

Cardinals Defy Glemp on Convent Pact

By Youssef M. Ibrahim
New York Times Service

PARIS — Three leading Roman Catholic religious figures registered strong disagreement Sunday with Cardinal Jozef Glemp, the primate of Poland, by saying that a convent built at Auschwitz for Carmelite nuns should be removed.

The archbishops of Lyon, Paris and Brussels — key figures two years ago in negotiating an agreement to move the convent — said the agreement was binding on the church. Cardinal Glemp seems to favor keeping the convent where it is.

In a statement issued here Sunday, Cardinals Albert Decourtray of Lyon, Jean-Marie Lustiger of Paris and Godfried Danneels of Brussels said that "the signed engagements must be upheld."

They said the accord recognized the legitimacy of the convent, but that it should be removed to an area "outside the perimeter of the concentration camp."

The issue has divided Catholics in many countries and revived fears of deeper differences between Christians and Jews in France and elsewhere in Western Europe.

The convent is just outside the fence surrounding the Auschwitz camp. The nuns were to have been moved late in February to an interfaith prayer center to be built nearby.

The accord was negotiated in Geneva in March 1987 with representatives of the French, U.S. and international Jewish communities and a representative of the Polish Catholic church, Cardinal Franciszek Macharski. It stipulated that the convent should be removed by Feb. 22; when the deadline passed, protests from Jewish groups culminated in a demonstration at the convent that turned violent a few weeks ago.

Describing the accord as "offensive" and arguing that it was a "scandal to expel the nuns from the convent," Cardinal Glemp said in interviews published Sunday that it should be renegotiated by "competent people."

Cardinal Glemp has repeatedly suggested that he favors the continued presence of the convent in Auschwitz. At least 2.5 million Jews were among the estimated 4 million Poles and other victims of Nazi atrocities at the camp where men, women and children died in mass crematoriums.

On Sunday several thousand people representing various religions marched along the railroad track leading to the death camp as part of demonstrations marking the 50th anniversary of the start of World War II.

Representatives of the U.S. and French Jewish communities objected to what appeared to be a deliberate decision to let the February deadline slip by the Polish Catholic Church.

The three cardinals said that Cardinal Glemp was only "speaking for himself" when he said the agreement was not negotiated by "competent people." Among those participating in the Geneva talks were senior representatives of the international Jewish community, including Theo Klein, then president of the European Jewish Congress, and Cardinal Macharski, the archbishop of Krakow, where the Auschwitz camp lies.

The Cardinals' statement said that if the Jewish delegation was not competent, "then who would be?"

"If four Cardinals, including the archbishop of Krakow, are not qualified to represent the Catholic side, who might be?" the statement said. "The Auschwitz camp is in the Krakow diocese. According to church law, its archbishop has full authority there. The Cardinals who accompanied him belong to nations which, in the West, were among the chief victims of the Hitlerite barbarism," the statement added.

"These accords were patiently and loyally negotiated over two years. The Catholic signatories promised that the financing would not fall on the Krakow diocese and still less on Poland."

In direct criticism of the Polish primate's comments to reporters, the statement went on to say: "Cardinal Glemp could only have been speaking for himself in talking of renegotiation of the Geneva accords. Particularly since until now he has always let it be known that Cardinal Macharski was solely re-

See CONVENT, Page 6

Warsaw Cabinet Accord Near

By John Tagliabue
New York Times Service

WARSAW — Solidarity and the Communist Party appeared Sunday to be near agreement on a slate of cabinet seats satisfying both Communist demands for additional power and Solidarity's requirement that the party come to terms with a shrunken role.

Unconfirmed reports abounded at the weekend that the Communists might obtain the Ministry of Foreign Affairs in the cabinet being put together by Solidarity's newly elected prime minister, Tadeusz Mazowiecki, plus at least one economic ministry, perhaps Transport, which has strategic significance for its control of the rail and air links that play a crucial military role in wartime.

On Saturday, Mieczyslaw Rakowski, the Communist Party leader, said Solidarity's proposals for Communist participation in the cabinet were "realistic."

After meeting Mr. Mazowiecki, the Communist leader said they, "answer the party's demands." But he did not elaborate, stressing only that the talks were not yet completed. Solidarity officials said there were further contacts Sunday but disclosed no details.

But officials familiar with the talks were at pains to stress that all

See POLAND, Page 6

Kiosk

Kohl May Face An Operation

BONN (AFP) — Chancellor Helmut Kohl is ill at home and may have to undergo a prostate operation soon, his advisers said Sunday.

They said Mr. Kohl, 59, had had a painful urinary problem for the past week and was using a catheter to urinate and taking medicine at his home in the western town of Oggersheim.

MONDAY Q&A

Reuter/UPI

Carla A. Hills, the U.S. trade representative, is visiting Europe to press for freer trade. Page 2.

Sports

Yannick Noah defeated Alberto Mancini in five sets Sunday to reach the U.S. Open quarterfinals. Chris Evert beat Monica Seles.

Earlier article, Page 17.

Crossword Page 6.

U.S. and Pakistan Shift Afghan Tactics

By Steve Coll
Washington Post Service

ISLAMABAD, Pakistan — The United States and Pakistan have cut financial stipends and military supplies to the seven Pakistan-based Afghan rebel parties and are attempting to deliver guns and money directly to guerrilla commanders and tribal leaders inside Afghanistan, according to diplomatic and rebel sources here.

One aim of the new strategy is to reduce warfare among the rebels, or mujahidin, within Afghanistan, the sources said. Arms for the Afghan guerrillas long have been funneled through the party bureaucracies based in Peshawar, Pakistan.

But following a recent increase in guerrilla infighting along party lines, the United States and Pakistan hope to reduce the parties' influence by bypassing them in the weapons pipeline.

[Officials and state radio said guerrillas fired rockets into Kabul's airport and central bazaar on Saturday, killing as many as 46 people and injuring dozens of others, The Associated Press reported.]

Another objective of the U.S. change of strategy, diplomats said, is to reduce the influence within the Afghan resistance of the most extreme Islamic fundamentalist leaders, particularly Gulbuddin Hekmatyar, leader of the Islamic Party, which received the most weapons and money for many years of the war.

However, some Afghan leaders and Western diplomats expressed doubts about whether the new approach will succeed.

The United States and Pakistan hope the weapons deliveries directly to field commanders and local guerrilla councils inside Afghanistan will undermine the strength of the Peshawar-based parties and encourage the growth of regional power centers in the Afghan resistance, diplomatic sources said.

"In this political environment," a senior diplomat said, these mujahidin "parties are divisive." Financial stipends and military supplies to all of the main political parties "are being cut way back," the diplomat said. "They're not going to have much. It was the parties that messed things up."

The mujahidin for years have been plagued by factional fighting, and their morale appears to have slipped because of a military stalemate since the end of the Soviet troop withdrawal last February.

The causes of the factional feuds are various and complex, including ethnic and tribal differences that existed before the war, but rivalries between the political parties appear to have played a role in the recent escalation of internecine battles.

But mujahidin sources, diplomats and analysts questioned whether the new approach to aiding the guerrillas can have any quick impact on the war.

One analyst in Washington said it would be difficult to cut out the parties, which provide essential networks of depots, trucks and pack animals through which weap-

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Crowding the Skies With Spying Eyes

By William J. Broad
New York Times Service

NEW YORK — A growing number of nations are building spy satellites or advocating such action, threatening to end the East-West monopoly on espionage from outer space.

Today only the United States, the Soviet Union and China have spy satellites that orbit hundreds of miles above the Earth. Cameras in many of these craft take pictures of targets on the ground that are of military and economic interest.

Their pictures are either beamed to earth on encrypted radio signals or are returned in small capsules. Other spy satellites gather such electronic signals as military and civilian communications.

Experts say several nations are now taking steps to develop both photographic and electronic spy satellites, including Britain, France, Italy, Spain, Israel, and possibly India and South Africa. Some of these nations openly advertise their efforts. In other cases, experts have deduced the existence of secret military programs.

The proliferation of spy satellites could have the salutary effect of deterring surprise attacks, some experts say, or it could produce the opposite result, helping a malevolent nation plan and carry out an attack on hard-to-find targets.

As space surveillance technology spreads, it is also expected to alter the diplomatic equation, freeing many nations from reliance on the current space powers for data.

A large group of nations, analysts say, are already using civilian "remote sensing" spacecraft as makeshift spy satellites. These craft routinely photograph the Earth for scientific and commercial uses, like map making and forestry management.

Although their images are far less sharp than those of spy satellites, they offer some ability to view tanks, ships, missiles, aircraft, military sites and arms factories.

Eschewing the traditional cloak of secrecy surrounding space espionage, some nations are openly calling for the spread of spy satellites as a deterrent to war.

Both Canada and Sweden have proposed international peace-keeping satellites that could police East-West arms control treaties, checking, for instance, to see whether missiles had been dismantled as promised.

The Western European Union, a nine-nation security organization, has said Europe should find a way to verify treaties independently of

See EYE, Page 6

Klaus Rossiger Reuters

MOVING ON — East Germans waiting Sunday to be shifted by bus from an overcrowded Budapest refugee camp to another Hungarian settlement area. In West Germany, officials were rushing to prepare transit camps in the expectation that thousands of East German tourists in Hungary, intending to choose exile in the West, would begin arriving Monday.

U.S. Bringing Case for More Open World Trade to Europe

This week the U.S. trade representative, Carla A. Hills, is visiting Paris, Bern, Geneva, London, Bonn and Brussels for talks with her counterparts among the European Community, during which she will emphasize the importance of the current Uruguay Round of talks within the General Agreement on Tariffs and Trade. Mrs. Hills spoke in Washington with Fred Farris of the International Herald Tribune.

Q. What do you hope to accomplish on your European trip in terms of getting support for the Uruguay Round?

A. I'm going there to encourage the Europeans to join us in getting a maximum result for the round. We need their help. They are a large bloc, and we certainly need to achieve progress in eliminating trade distortions in agriculture, to adopt an agreement in intellectual-property rights, to protect our high technology, to create a services agreement, to end discrimination against foreign investment, to abolish trade-distorting subsidies in all industries and in agriculture and to establish a mechanism for settling disputes that is much more effective than that we have now.

Q. How does the U.S. government view the Uruguay Round in its overall trade strategy?

A. Our basic strategy is to open markets and advance trade. We're absolutely convinced that by doing so we will maximize world wealth for all people and hence the Uruguay Round is our top objective. We're negotiating with 96 nations to expand the global trading system and to create a set of clear and enforceable rules to avoid trade controversy.

MONDAY Q&A

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Q. Will the United States be able to accomplish the goals the administration has in mind?

A. I am an undying optimist. I have every confidence that the United States, in cooperation with its trading partners, will be able to achieve these ambitious goals. I say that because what we are seeking is in all of our best interests. The world prosperity in the 40 years since we adopted the GATT expanded in an unparalleled fashion. We'd like to do that again.

Q. How important is EC support for these goals?

A. I think there is support for these goals in the community. We all have a different approach, but we all signed the declaration for liberalizing trade at Punta del Este [in September 1986].

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Q. President George Bush has continued former President Ronald Reagan's philosophy of free trade, and you have pressed it aggressively. The United States has been criticized by many countries for undermining GATT's principles after the administration threatened retaliation against Japanese, Indian and Brazilian exports. What is the administration's position now on finding solutions to such trade impediments?

A. Let me first say that we have used our statutory authority in a manner entirely consistent with our goals in our multilateral negotiations. We did not threaten retaliation against the countries you mention. We simply identified publicly our trade-liberalization priorities for the year. We're absolutely committed to finding solutions to the problems that we identify. We do believe that the Japanese market, for example, is not open and we would like them to open it.

Q. Presumably you will broaden the discussions you have scheduled with your counterparts in the European Community to take in some U.S.-European matters. The EC is said to be seeking to pose tough trading competition for both Japan and the United States. Does the U.S. government need to develop a new policy?

A. I think we have the policies in place. We've watched the European march toward a single market and we see many advantages. To erase the barriers among those 12 nations is a competitive plus for us because it means we can get our goods in much more efficiently. It isn't a new policy we need.

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Q. American semiconductor makers are unhappy about proposed EC rules requiring chips used in European products to be made in Europe. To what degree will you touch on this problem?

A. I certainly will touch on that. I am concerned with some areas in Europe where local content, rules of origin are being used in an exclusionary way. I want to be vigilant that as they erase barriers in the 12 states, they don't erect them on the outside, and these rules that they're using with respect to semiconductors are really very counter-productive.

Q. The EC says it wants to protect Europe's culture from being overwhelmed by foreign culture in imports of television shows. The U.S. has said it is against local-content rules. But since the Reagan administration allowed Canada to protect its entertainment industries, should the U.S. complain about Europe?

A. Well, I see it very differently. Canada's trying to protect its basic culture. It really boggles my mind to think that Britain would give a cultural preference to Portuguese or Greek television over the United States. It's a "Buy Europe" kind of standard. It's purely exclusionary and we take great offense at it.

Q. What message would you like to send European business and government leaders in advance of your arrival there?

A. Well, certainly that the Bush administration is committed to opening markets and expanding trade. We have adopted a steel liberalization trade policy. We're trying to do everything we can through the Uruguay Round to open markets.

Idea of Negotiation Is Gaining Acceptance for South Africans

By Christopher S. Wren
New York Times Service

JOHANNESBURG — South Africa heads into its parliamentary election Wednesday with a new conviction imbedded in the collective consciousness: that the nation's political future — and its salvation — lies in negotiation, not confrontation.

The idea of negotiation is a factor unprecedented in earlier white elections. But almost insurmountable disagreements persist over how to go about negotiating, with whom, on what grounds and to what avail. The preconditions staked out by each side seem so far apart as to be unbridgeable.

The country's white minority government, controlled by the National Party for the past 41 years, has said it will only talk to black leaders who disassociate themselves from violence.

This definition disqualifies by calculation the outlawed African National Congress, which since its founding in 1912 has grown, even in exile, to represent the aspirations of South Africa's black majority. It also effectively eliminates the best and brightest whose challenge of apartheid in its salad days have landed them in prison, like Nelson Mandela, or under house arrest, like Gavin M. Mbeki, or in exile, like Oliver R. Tambo.

The predominantly black anti-apartheid movement, restricted by the government and excluded from

NEWS ANALYSIS

conventional politics, has set preconditions that seem no less inflexible. These include a repeal of the national state of emergency and other laws circumscribing political activity, the legalization of the African National Congress and other anti-apartheid groupings, the release of all political prisoners, the safe return of exiles and the immediate end to political trials and hangings. Packaging these demands in quasi-Marxist language has not assuaged white fears.

Nevertheless, a conviction that some kind of negotiation is essential has strengthened in recent years as a result of significant changes in national life that have produced a fatigue among the white minority as well as the black majority.

The black rebellion from late 1984 into mid-1986 has given way to sullen exhaustion in the segregated townships. This has followed the government's armed suppression of protest and the imposition of a continuing national state of emergency under which as many as 30,000 people were detained.

Economic sanctions imposed by Western nations have bled the country of $10 billion in four years as Pretoria struggles to honor its foreign debts. A costly strike in 1987 that paralyzed the country's mining industry, the biggest source of export earnings, attested to the new muscle of black trade unions, even if their victory was Pyrrhic in terms of lost jobs.

The rise of the rightist Conservatives, resisting even modest change, has left the ruling National Party battling both ends of the ideological spectrum.

Fresh cracks keep appearing in the monolith of apartheid. The pass laws, which forbade blacks to be in white areas without written permission, were abolished because they did not work.

The government has acknowledged the existence of some integrated "open areas" as blacks seek jobs and housing in urban neighborhoods once exclusively white. A judge in the Pretoria Supreme Court just ordered Carletonville, a town controlled by the Conservatives, to remove the white-only signs it erected at municipal facilities.

Piet Coetzer, a young Nationalist member of Parliament, said: "If you think of the journey since 1948 to where we stand today, it's a totally different South Africa, and it's a miracle that the National Party is still in power. There is a feeling for faster change."

What remains is the legislative foundation of apartheid: the Population Registration Act, which pigeonholes South Africans from birth by race, the Group Areas Act, which segregates residential neighborhoods, and the increasingly flouted Separate Amenities Act, which reserves public amenities for whites. What is still missing is voting rights for blacks.

"They've hit bedrock now," said Peter Soal, a member of parliament from the liberal Democratic Party. "It's now fundamental stuff that they've got to change."

After former President Pieter W. Botha startled the country in July by inviting Mr. Mandela to tea and conversation, Information Minister Stoeffel van der Merwe described their meeting as "part of an ongoing program of preparing the groundwork for negotiations."

Eugene Nyati, a black political economist who heads the Center for African Studies, said: "We are seeing increasing numbers of whites agitating for some sort of settlement, including the government, though it falls short of what is acceptable to blacks."

The government has attributed its worsening economy, with rising taxation and declining spending power, to international pressure.

"As a result of financial sanctions, we have had to withdraw billions from our economy to pay foreign debt," says an election campaign brochure of the National Party, confirming that sanctions work.

John Parkin/The Associated Press

A South African policeman watching Sunday as blacks defy a whites-only rule at a Durban beach.

Thousands Defy Apartheid in Beach Protest

The Associated Press

DURBAN, South Africa — Thousands of blacks marched, picnicked and waded at a "whites-only" beach Sunday. Police made 58 arrests, but waited more than two hours before breaking up the protest.

The crowd, estimated at 5,000 to 10,000, stretched for more than a mile along the shore, the biggest beach protest ever in South Africa.

Organizers claimed a victory over segregation and vowed further acts of protest during a nationwide defiance campaign.

Several dozen whites, some carrying whips and wearing "whites only" T-shirts, yelled abuse as the throng paraded along the segregated sections of South Africa's most heavily used beachfront. Other sections of the hotel-lined shore have been opened to all races in recent years.

At one point, police arrested about 10 black youths who unfurled a flag of the outlawed African National Congress. They remained in custody late Sunday, but police said the other 48 people arrested during the protest were released after a few hours.

The police contingent of several hundred officers was equipped with shot guns and a water cannon, but they made no efforts to stop the protesters from moving onto segregated Addington Beach.

White surfers continued to paddle off the shore while black children splashed nearby.

Ethiopia Frees Inmates On Eve of Peace Talks

By Jane Perlez
New York Times Service

NAIROBI — The Ethiopian government released 87 political prisoners and 820 convicted of common crimes Sunday, according to an official radio announcement.

Among the political detainees were three grandsons of the late Emperor Haile Selassie, a recent Ethiopian representative to the United Nations and a former minister of agriculture.

The radio announcement gave no reason for the release. But it comes five days before peace talks to be held in Atlanta under the auspices of former President Jimmy Carter between representatives of the government and of Eritrean rebels. The talks are to be the first publicly held between the groups, which have been fighting for almost three decades.

There was also speculation that the release was timed for celebrations Sept. 12 of the 15th anniversary of the Marxist revolution in which the emperor was overthrown.

The government headed by Lieutenant Colonel Mengistu Haile Mariam has been sharply criticized by the United States and other Western nations for its human-rights record. Amnesty International issued a report last month that several thousand suspected opponents of the regime were in prison, many without charges.

The United States chargé d'affaires in Addis Ababa, Robert G. Houdek, said the release was a "very positive step by the government." He added, however, that he had not seen the list of freed political prisoners.

In the first high-level talks between the United States and the Ethiopian government in a decade, the assistant secretary of state for African affairs, Herman J. Cohen, told the Ethiopian foreign minister, Berhanu Bayeh, last month that Washington would like to see an improvement in the country's human-rights record.

The three grandsons of the emperor released Saturday had been in prison since the 1974 revolution. The three, in their early 20s at the time of their arrests, are Princes Wossen-Seged Mekonnen, Mekele Mekonnen and Bede-Mariam Mekonnen.

Seven women in the emperor's family were also arrested in 1974. They were released last year and include the emperor's daughter, Princess Tenagne Worq, now 80, and his daughter-in-law, Sar Gizaw, the mother of the three princes just freed.

The former UN envoy is Berhanu Dinka, who was recalled in the mid-1980s from New York and immediately imprisoned. The former agriculture minister, Zegeye Asfaw, an official in the early period of the revolutionary government, had been in prison since the late 1970s.

Angola Rebels Blocking VOA, Officials Fear

By David Ottaway
Washington Post Service

WASHINGTON — The Voice of America has begun monitoring its broadcasts to Angola following reports that a CIA-financed radio station operated by U.S.-backed anti-Marxist rebels has been interfering with VOA programs.

According to one report, the rebel station, known as the Voice of the Black Cockerel, blocked 12 minutes of a VOA broadcast on Aug. 18. The broadcast included four minutes of a speech by President José Eduardo dos Santos of Angola to the Angolan National Assembly.

Another report said the rebel station, which uses two of the same shortwave frequencies as VOA, also had cut in early on VOA broadcasts to make it appear that its programs were part of those being broadcast by VOA.

Joseph D. O'Connell, deputy director of the U.S. Information Agency's office of public liaison, said: "We're going to monitor VOA programs closely for the next few weeks to see if anything is happening at all."

The VOA is the broadcasting arm of the agency.

Jardo Muekalia, a spokesman in Washington for the National Union for the Total Independence of Angola, which runs the station, denied the reports.

He said UNITA had complained to the State Department about recent reports carried by VOA from an Angolan, William Tonet, who has been working for the U.S. radio station in Luanda since April.

Mr. Muekalia said the VOA should not be a "resounding box" of the government in Luanda. He said that Mr. Tonet had indulged in pro-government commentary that would be taken by Angolan listeners as evidence that the United States was now favoring the Luanda government rather than UNITA.

WORLD BRIEFS

U.S. Hints at Active Colombia Role

WASHINGTON (AP) — The White House chief of staff, John H. Sununu, said Sunday that if the Colombian government were to request such assistance, President George Bush might order U.S. troops to take an active role in combatting Colombia's drug traffickers.

Mr. Sununu's remarks came as $65 million worth of U.S. military equipment and other aid, being accompanied by up to 100 American military trainers, began arriving in Colombia.

Interviewed on CBS, Mr. Sununu said the United States was providing the assistance at the request of President Virgilio Barco Vargas of Colombia, and "the constraints on the folks and the resources that go down there are based on what President Barco would like them to do."

Colombo Sets Sept. 13 Peace Talks

COLOMBO (Reuters) — President Ranasinghe Premadasa has called on all Sri Lankan political parties to meet Sept. 13 for peace talks and would consider constitutional changes to end the country's ethnic violence, a government spokesman said Sunday.

"The purpose of the conference is to consider proposals made by the opposition political parties for restoring peace and normalcy," the spokesman said, adding that all parties and the People's Liberation Organization, which has been waging a guerrilla campaign to overthrow the government, had been invited.

Opposition groups have proposed setting up a provisional government and the holding of elections to restore peace.

Nonaligned: Hope for Less Rhetoric

BELGRADE (Reuters) — Disputes over Afghanistan, the Gulf and Lebanon divided the nonaligned countries on Sunday on the eve of a summit meeting that moderates hope will cut the traditional rhetoric and adopt a more pragmatic line.

Leaders from Africa, Latin America and Asia attended the four-day summit meeting opening Monday in Belgrade.

About 60 heads of state and government were expected for the meeting. The draft declaration that the summit will discuss praises the improvement in U.S.-Soviet links, but some leaders said there would be controversy on this point.

113 Evacuated From North Sea Rig

LONDON (AP) — Amoco Corp. said that 113 workers were evacuated from a North Sea oil platform Sunday after a series of heavy vibrations hit the platform during drilling of a development well.

Another 75 workers remained on board the North West Hutton Platform, 90 miles (154 kilometers) north of the Shetland Islands, Amoco said. No injuries were reported during the vibrations, known as a "kickback."

"The well penetrated a high pressure zone and the well was shut down," a spokesman said. "The well is under control and our efforts are continuing to maintain the situation. As a precaution, production was shut in." The platform has been in production since 1983.

Vietnam Rejects Multiparty System

BANGKOK (AP) — The Vietnamese leader, Nguyen Van Linh, sharply rejected a multiparty system for his nation and declared that freedom of speech amounts to anarchy, according to a text received here Sunday.

Expressing unease with the kind of changes sweeping the Soviet Union and other Communist countries, Mr. Linh said that Vietnam would keep liberalizing its economy but not its political system.

"Democracy does not mean that one is free to say what one wants to say, write what one wants to write and do what one wants to do, no matter what the consequences may be," the Mr. Linh said. "These are essentially anarchist acts."

TRAVEL UPDATE

U.S. Warns Travelers to Guatemala

WASHINGTON (IHT) — The State Department, citing "indiscriminate terrorist incidents" such as bombings, has advised American travelers to exercise caution and avoid gatherings in large public areas in Guatemala. Travel is "essentially normal," however, except in some western areas in which guerrillas and government forces have clashed, the department said.

American tourists were also reminded to take precautions against robbery-motivated attacks in Kenya game parks and to avoid nonessential travel to Somalia because of civil strife. Also, travel to Sri Lanka may be dangerous because of the risk of being caught up inadvertently in political violence, the department said.

The Turkish government said it would reopen the country's only rail link to Europe, nine days after it was closed to slow a tide of ethnic Turks seeking refuge in their native land. The single train that travels daily between Munich and Istanbul goes through Austria, Yugoslavia and Bulgaria. *(AP)*

Uganda has created three national parks to protect wildlife and boost the long-neglected tourist industry, according to the Ministry of Tourism and Wildlife. The parks have been set up in the Ruwenzori Mountains bordering Zaire, the Bwindi Forest in the southwest and the Muhavura Mountains bordering Rwanda and Zaire. *(Reuters)*

Anonymous pamphlets have been circulated among U.S. pilots and other airline personnel, calling for a nationwide work stoppage Monday to mark six months since the beginning of the Eastern Airlines strike. Both the Air Line Pilots Association and its Eastern chapter have said they do not support the stoppage. *(NYT)*

Air Vietnam has been reorganized into five state-owned companies and plans to purchase or charter more aircraft to handle increased traffic, the official Vietnam News Agency said Sunday. No names or details were given. Flights in and out of Vietnam have been jammed by overseas Vietnamese returning for visits, businessmen coming to explore investment opportunities and emigrants leaving for the West. *(UPI)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Bermuda, Canada, Guam, Puerto Rico, United States.
WEDNESDAY: Pakistan, Swaziland.
THURSDAY: Brazil, Mozambique, Namibia.
FRIDAY: Andorra, Liechtenstein, Malta, Rwanda.
SATURDAY: Bulgaria.
SUNDAY: Belize, Bulgaria.

Source: Morgan Guaranty Trust Co., Reuters.

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	15	59	7	45	sh
Athens	28	82	18	64	s
Barcelona	25	77	16	61	s
Belgrade	20	68	12	54	s
Berlin	18	64	12	54	s
Brussels	16	61	7	45	c
Budapest	16	61	14	57	r
Copenhagen	17	62	6	43	r
Costa Del Sol	30	86	19	66	s
Dublin	16	61	9	48	r
Edinburgh	15	59	4	39	c
Faro	28	82	19	66	s
Florence	24	75	15	59	s
Frankfurt	16	61	12	54	r
Geneva	17	63	13	55	sh
Helsinki	17	63	9	48	c
Las Palmas	27	81	23	73	s
Lisbon	27	81	21	70	s
London	17	63	8	46	c
Luxembourg	15	59	9	48	c
Madrid	34	79	15	59	s
Milan	20	68	14	57	c
Moscow	20	68	11	52	c
Munich	17	54	10	50	r
Nice	24	75	16	61	s
Oslo	18	64	4	39	r
Paris	21	70	11	52	r
Prague	13	55	10	50	r
Reykjavik	10	50	9	48	r
Rome	25	77	15	59	s
Stockholm	—	—	17	63	c
Strasbourg	16	61	15	59	r
Venice	22	72	15	59	s
Vienna	15	59	13	55	r
Warsaw	14	57	12	54	r
Zurich	13	55	11	52	sh

MIDDLE EAST					
Ankara	24	75	8	46	s
Cairo	31	88	24	75	s
Istanbul	25	77	18	64	s
Jerusalem	28	82	16	61	s
Tel Aviv	31	88	18	64	s

OCEANIA					
Auckland	—	—	3	38	na
Sydney	17	63	10	50	sh

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	32	90	24	75	s
Beijing	28	82	18	64	s
Hong Kong	31	88	28	82	s
Manila	31	88	23	73	s
New Delhi	33	91	25	77	s
Seoul	26	79	17	63	s
Shanghai	28	82	20	68	s
Singapore	29	84	24	75	t
Taipei	27	81	25	77	t
Tokyo	30	86	24	79	t

AFRICA					
Algiers	29	84	21	70	c
Cape Town	17	63	13	55	r
Casablanca	26	79	23	73	c
Harare	24	75	14	57	s
Lagos	26	79	18	64	s
Nairobi	23	73	13	55	s
Tunis	31	88	18	64	s

LATIN AMERICA					
Buenos Aires	28	82	11	52	sr
Lima	26	81	15	59	s
Mexico City	25	77	13	55	s
Rio de Janeiro	22	72	18	64	sh

NORTH AMERICA					
Anchorage	7	45	4	39	sh
Atlanta	31	88	19	66	s
Boston	22	72	12	54	s
Chicago	26	79	14	57	s
Denver	31	88	12	54	s
Detroit	25	77	12	54	s
Honolulu	31	88	22	72	s
Houston	28	97	23	75	s
Los Angeles	27	84	17	63	s
Miami	32	90	26	79	s
Minneapolis	26	79	17	63	s
Montreal	26	61	18	66	s
Nassau	29	84	25	77	s
New York	24	75	16	61	s
Phoenix	40	104	28	82	s
San Francisco	24	75	12	54	s
Seattle	22	72	11	52	s
Toronto	22	72	20	68	s
Washington	28	82	17	63	s

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Slight. **FRANKFURT:** Fair. Temp. 17—4 (63—43). **LONDON:** Rainy. Temp. 17—9 (63—48). **MADRID:** Fair. Temp. 28—14 (82—57). **NEW YORK:** Partly cloudy. Temps. 24—17 (75—63). **PARIS:** Fair. Temps. 18—11 (64—52). **ROME:** Showers. Temps. 26—13 (79—55). **TEL AVIV:** Not Available. **ZURICH:** Partly cloudy. Temps. 15—10 (59—50). **BANGKOK:** Scattered showers. Temps. 33—25 (91—77). **HONG KONG:** Fair. Temps. 31—29 (88—84). **MANILA:** Rainy. Temps. 30—26 (86—79). **SEOUL:** Cloudy. Temps. 27—17 (81—63). **SINGAPORE:** Cloudy with occasional rainy. Temps. 35—23 (77—73). **TOKYO:** Rainy. Temps. 28—25 (82—77).

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Spain (mail) ***hd.del. in Barcelona, Bilbao, Seville, ***hd.del. in Madrid	Ptas. Ptas. Ptas.	32,000 32,000 46,800	17,600 17,600 23,400
Sweden (air) **hd.del.	S.Kr. S.Kr.	2,000 2,500	1,100 1,400
Switzerland	S.Fr.	455	255
Rest Europe, N. Afr., Mid. East	$	470	260
X-French Africa, Gulf States, Asia	$	620	340
Rest of Africa, Cent./Latin Amer.	$	540	295

OMEGA CONSTELLATION, THE WATCH SOLD AT LEADING JEWELLERS AROUND THE WORLD.

Woman Publisher To Lead Nicaragua Presidential Fight

By Lee Hockstader
Washington Post Service

MANAGUA — Nicaragua's political opposition has chosen Violeta Chamorro, head of one of the nation's wealthiest families and publisher of the leading opposition newspaper, as its candidate to oppose President Daniel Ortega Saavedra in general elections in February.

Mrs. Chamorro's nomination Saturday followed weeks of maneuvering and of shifting rumors within the opposition coalition of 14 political parties, and it injected a note of drama into Nicaragnan domestic politics, monopolized for a decade by the ruling Sandinista National Liberation Front.

Mrs. Chamorro, who is the widow of a slain hero of the Nicaraguan revolution, is virtually the only opposition figure whose stature and prestige rivals that of Mr. Ortega and the Sandinista leadership. Many independent analysts here say she is the only candidate with a chance to lead the opposition to victory.

Her main challenge will be to maintain unity among the 14 parties, ranging from commmunist to conservative, that make up the opposition coalition. Three of the parties voted against her candidacy and one abstained.

Many members of the coalition were angered that Mrs. Chamorro had used the front page of her newspaper, La Prensa, to push for her nomination. Without a unified front, politicians and diplomats agree, the opposition stands no chance of winning.

Mrs. Chamorro begins her run for office as a politically untested member of a wealthy land-owning family who stepped into the public spotlight after the killing of her husband, who was editor of La Prensa. Pedro Joaquin Chamorro's street-corner murder in 1978 galvanized mounting opposition to the regime of the dictator, General Anastasio Somoza, who was overthrown the following year.

In an apparent attempt to balance the ticket, the opposition chose as its vice presidential candidate Virgilio Godoy, a shrewd political veteran who was minister of labor in the Sandinista government and now heads the Independent Liberal Party. Mr. Godoy provides the opposition slate with the qualities Mrs. Chamorro lacks — principally, political experience and a base of party workers and support.

The Nicaraguan elections, scheduled for Feb. 25, are already the subject of international scrutiny. Among the groups of observers expected to monitor the elections is a team headed by former President Jimmy Carter and another from the United Nations, which is coming at the invitation of the Nicaragnan government.

The Chamorro family is one of Nicaragua's most famous, both because of its importance as the nation's preeminent publishing dynasty and because of its internal political rivalries.

One of her sons, Carlos Fernando, is editor of the official government newspaper Barricada, which frequently attacks her. A daughter, Christiana, is editor of La Prensa, the paper Violeta Chamorro publishes. Another son, Pedro Joaquin, was a member of the political directorate of the contra rebels, and another daughter, Claudia, is a diplomat whose husband is the Sandinista ambassador to Madrid.

Felipe Annibal / Agence France-Presse

Wreckage at a Bogotá gasoline station following a bomb explosion that killed one person and injured more than 80.

One Dies as Cartel Targets Bogotá Paper

By Joseph B. Treaster
New York Times Service

BOGOTA — Colombia's narcotics traffickers brought the drug war to the capital over the weekend with a bomb that heavily damaged the offices of a leading newspaper, shattering windows and ripping off roofs of buildings in a two-block radius.

The explosion, the most powerful yet set off by the traffickers in the current phase of combat, killed at least one person and injured more than 80, authorities said.

The attack occurred Saturday, as the first of $65 million worth of military equipment and other American aid was leaving the United States.

Two American C-130 transport planes landed in Bogotá on Sunday, and eight small twin-engine A-37 jet aircraft are to arrive on Monday. The first of up to 100 military trainers have already reached Colombia, a spokesman for the U.S. Embassy said.

The explosion stunned an already tense capital. In the last week the drug traffickers had unleashed a series of bomb and rocket attacks in Medellín, Colombia's second city and the center of its narcotics trade.

But until now there had been only one bombing in Bogotá, which shattered the offices of a travel agency last week but did not injure anyone.

The traffickers took responsibility for the latest bombing in telephone calls to Colombian news organizations.

Many of the victims of the explosion, the authorities said, were on a pair of municipal buses that were passing by when the bomb, hidden in a pickup truck, exploded in a gasoline station across a narrow side street from the newspaper El Espectador.

The newspaper has refused to yield in its condemnation of drug traffickers even after the assassination of its publisher, Guillermo Cano, two and a half years ago, and repeated death threats against the staff.

[On Sunday, the publisher of El Espectador, Alfonso Cano Isaza, demanded "justice, justice, justice" in a column published in the first edition since the bomb exploded, United Press International reported from Bogotá.

["Under the impact of the attack on El Espectador, I reaffirm the need for a government of national salvation," Mr. Cano wrote. He said such a government was needed "because the attack, like the one perpetrated against" Senator Luis Carlos Galán, a presidential candidate assassinated Aug. 18, and against "so many other Colombians, is an attack against Colombia."]

In nearly 20 explosions in Medellín, two persons have been killed and a dozen injured. The mayor has imposed a 10 P.M.-6 A.M. curfew.

Since shortly after President Virgilio Barco Vargas declared war on the drug traffickers, hours after the assassination of Mr. Galán, the traffickers have seized the initiative.

Their objective, stated in anonymous telephone calls to radio stations and letters published in newspapers, is to force the government to enter peace negotiations and to abandon its plans to extradite traffickers.

Mr. Barco's government has refused to negotiate, and officials say they are moving ahead on the extradition of Eduardo Martinez Romero, an economist who has been indicted in Atlanta on charges of money laundering.

In the first few days of the government campaign, the police and army arrested more than 11,000 people in more than 2,000 separate raids against drug traffickers. But none of the leaders of the nation's drug cartels, which are believed to be responsible for 80 percent of the cocaine that reaches the United States, was captured and more than 70 percent of those who were taken into custody have been released for lack of evidence, the police said.

■ Anti-Drug Chief Fired

President Barco fired the chief of the police anti-drug effort in Medellín on Sunday, The Associated Press reported.

The government gave no reason for removing Colonel Antonio Sánchez as chief of a 4,000-member anti-drug unit in Medellín. But a source at national police headquarters in Bogotá, speaking on condition of anonymity, said the colonel had been linked to traffickers.

Colonel Sánchez, the third police colonel fired in a crackdown that began in January, was replaced by Colonel Humberto Canero Maldonado.

■ U.K. and Spain Pledge Aid

Britain and Spain have pledged to help Colombia in its crackdown on drug traffickers, Reuters reported from London.

The British Foreign Office said Saturday that Prime Minister Margaret Thatcher had promised President Barco increased assistance in his government's attempts to control cocaine traffickers.

Details of the assistance will be discussed with Colombian officials, but it it is believed it will focus on the provision of drug detection equipment and the protection of the Colombian judiciary.

Troops Quell Riot At Virginia Resort

The Associated Press

VIRGINIA BEACH, Virginia — Rioting broke out early Sunday in this resort city during an annual holiday gathering by black college students. More than 100 downtown stores were looted and at least two people shot before National Guard troops were deployed to help restore order, authorities said.

A Virginia Beach city spokeswoman said the rioting began about 2 A.M. when police confronted a mob on Atlantic Avenue, the main beachfront thoroughfare. The National Guard was called out by Governor Gerald L. Baliles shortly after 4 A.M. to assist local authorities.

The city spokeswoman, Diane Roche, said numerous arrests had been made, but did not have an exact number or the charges filed.

City officials said it was not clear how or why the shootings took place.

Apart from the two people who were shot, another person was critically injured after falling from a fourth-floor hotel window.

More than 25,000 college students from predominantly black schools on the East Coast were in the resort city for the Labor Day weekend, attending a holiday event known as Greekfest.

Black leaders had criticized city officials for not sponsoring activities to keep students occupied and some had accused officials of racism, urging a boycott of merchants as a reprisal for being made to feel unwelcome.

Virginia Beach refused to rent its major hall for Greekfest activities this year, and promoters looking for a place to stage a concert were rejected in nearby Norfolk. Plans to stage a concert in Hampton were canceled at the last minute.

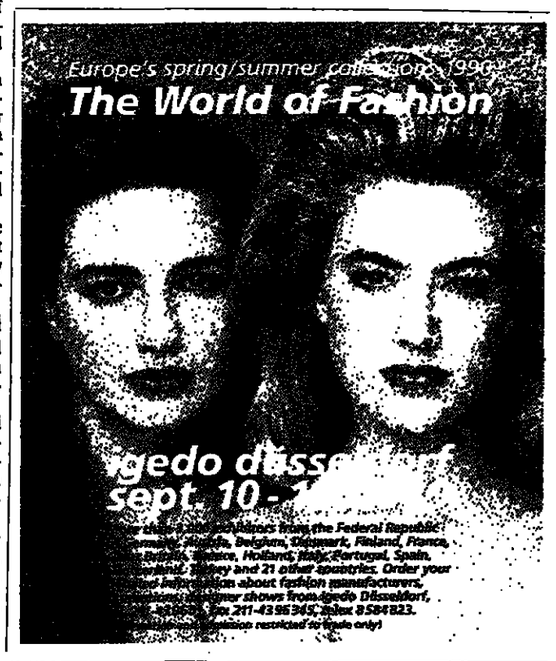
In the past week efforts were made to lessen the tension. In a series of private meetings, city leaders consulted with leaders of the National Association for the Advancement of Colored People on methods to defuse the situation.

City Manager Aubrey V. Davis ordered much of the resort strip closed, and residents were told to avoid the area.

Brenda Kanz, front desk manager at the Kona Kai Motel, said authorities were not allowing anyone to leave the motel "even for breakfast" unless they were checking out to go home. Many college students were staying at the motel, and they remained in their rooms while guardsmen and police patrolled the streets, she said.

"It's a heck of a way to end the season," she said.

City and state police and National Guard troops patrolled the area, much of which was cordoned off to the public.



U.S. Police Drug Toll: 14

New York Times Service

WASHINGTON — Fourteen police officers were killed in the United States last year in drug-related incidents, the largest annual number on record, according to a report.

The Crime Control Institute, a nonprofit organization that examines law-enforcement trends, reported that there were eight such killings in 1987, eight in 1986, five in 1985 and five in 1984. Over all, 78 police officers were killed last year, 74 in 1987, 66 in 1986, 78 in 1985 and 72 in 1984.

The report included killings of police officers pursuing suspected drug dealers, conducting undercover drug purchases, trying to arrest suspects on drug charges or responding to drug violations.

Killings of officers who were intending to testify against a drug suspect were also counted.

Comeback for Ex-Leader in Guatemala?

Frustrated Citizens Give Ríos Montt a Lead in Presidential Opinion Polls

By Lindsey Gruson
New York Times Service

GUATEMALA CITY — When a civilian government took office here in 1986 after three decades of almost uninterrupted military rule, it appeared to close a bloody chapter in Guatemala's history.

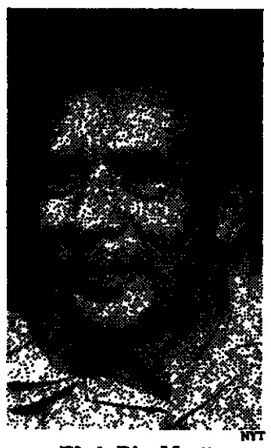
But now, one of those associated with some of the worst brutality of that period, General Efraín Ríos Montt, is a leader in the race to succeed President Marco Vinicio Cerezo Arévalo in elections scheduled for November 1990.

The general, who took power in a coup in 1982 and was deposed 16 months later, has not declared his candidacy. But several polls show him leading in the capital and second overall. His political rejuvenation underscores the growing frustration with civilian government.

Battered by rising crime and what is seen as spreading anarchy, the jubilation that greeted Mr. Cerezo has given way to skepticism and anger. Many Guatemalans are increasingly questioning the superiority of democracy.

"There are some countries that need a strong hand," said the owner of a men's clothing store in a working-class section of the capital. "When the general was in charge, at least a working man had a chance. It was calm then. Now it's terrible and getting worse. Now it's hard to survive."

A friend of the former leader who owns an electronics store offered a similar view. "The general may have violated human rights, but it was only in an effort to protect the rights of working people," the friend said. "He'll clean up the country."



NYT

Efraín Ríos Montt

Their recollections are in contrast with a 1982 report by Americas Watch, a New York-based human-rights organization, which portrayed a wave of repression under the general in which thousands were killed.

The recent resurgence of the general, who is officially retired from the military, coincides with one of the worst economic crises in the region in decades. Most people are living in worse conditions than a decade ago.

Infant mortality, unemployment, and inflation rates are rising. So is the disparity between the region's rich and poor, which has given rise to leftist insurgencies in three of the region's five countries.

"There's a growing perception that elected governments can't solve the problems they were elected to solve," a Western diplomat who travels throughout Central America said. "People now feel the problems. Their lives are affected much more by the depression and the breakdown in law and order than they were by repression or the guerrillas."

One result is a narrowing in the democratic opening and a move to the extremes in much of the region.

But the swing to the extremes has perhaps been most rapid in Guatemala, diplomats say. After a nationwide strike by 50,000 teachers and public employees, emboldened far-right extremists have mounted a violent campaign of intimidation and assassination aimed at destabilizing the government, diplomats and government officials say.

"We will kill you one by one," an unsigned letter delivered to the Association of University Students said. "We will begin with your families. We know your movements."

Mainstream politicians, who have traditionally been spared the brunt of the political violence, have apparently become targets. Danilo Barillas, a leader in the leftist wing of the ruling Christian Democratic Party and a close friend of the president, was killed recently. Several political leaders say they have received death threats. A few, including at least one of Mr. Barillas's associates, have fled into exile, as have several well-known labor leaders.

Interior Minister Roberto Valle Valdizan said, "These actions are intended to create an atmosphere of terror among the population, an atmosphere of instability to justify the imposition of a strong-arm government in Guatemala."

The sense of impending chaos, which is apparently helping General Ríos Montt, is heightened by a bitter split among the long-dominant Christian Democrats. Alfonso Cabrera, who has a formidable political machine in rural areas, won the Christian Democratic presidential primary in August.

Critics assert that the 45-year-old Mr. Cabrera, the son of a cobbler, lives more opulently than his $2,000-a-month salary as a congressman would seem to permit. He has denied persistent rumors linking him to drug trafficking. And he is said to be detested by the army.

That has opened the door to General Ríos Montt. He does not have a party and may be constitutionally prohibited from running; a constitution adopted after he left office barred a second term as president, but he contends it cannot be applied to him.

In any case, his undeclared campaign, which intertwines nationalistic appeals with demands for law and order and morality sermons, has clearly struck a responsive chord.

As for his commitment to democracy, he told the Guatemalan magazine 7 Days: "A government for the people, by the people is no more than a French idiocy that's never happened."

Chicago's Schools In Hands of Parents

By Isabel Wilkerson
New York Times Service

CHICAGO — With the start of the new school year, Chicago will begin what experts say is the country's most radical attempt to revamp a big-city school system by shifting power almost overnight from downtown bureaucrats to parents and community people at its 600 schools.

Each school will be run by a parent-led council with the far-reaching authority now held by the board of education. The councils, to be elected next month, will have the power to approve budgets, make recommendations on books and curriculums and assign and dismiss principals.

The change, intended to streamline the nation's third-largest school district after New York and Los Angeles, grew out of frustration with a 410,000-student system described in 1987 by William J. Bennett, then secretary of education, as the country's worst.

Chicago is bracing for the transfer of power. Officials are polishing election procedures for the 6,000 council slots. Community groups are trying to educate parents — many of them school dropouts bewildered by their new responsibilities — and to get them to run for council seats.

Seventy percent of Chicago's public school students are from families below the poverty level, and in low-income communities there is a sense that more is at stake than just schools.

Parents in a housing project on Chicago's South Side took notes like schoolchildren at a recent seminar on school change. "These local school council elections, as disarrayed as they may be," a community organizer, Salim Nuridin, told the group, "are about restructuring our community from the ground up."

"This is the biggest change in American school control since the 1900s," said Michael Kirst, a professor of education at Stanford University who has written several books on school governance.

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Published With The New York Times and The Washington Post

East Germany's Dilemma

With thousands of East Germans lining up in Hungary to move westward, West Germany's immediate concerns are logistical. Transportation, blankets and food are the most urgent requirements. But this unexpected surge of migration means that both German governments have suddenly lost control of a process that they thought was well in hand.

Both were trying to keep relations between them calm and stable. But that stability is now being threatened by the rush of East Germans to get out of their country. The East German government is fully aware that most of its people believe life in the West to be profoundly better. It was trying to siphon off the most outspoken and contagious of the discontent by allowing an unprecedented level of legal emigration, but it had clearly underestimated the extent of the disaffection. It will not allow the outflow to continue on the present scale. The damage to the economy alone would be more than it could tolerate. But it hesitates to slam the door.

One reason for its indecision is, clearly, the grave illness of Erich Honecker, the man who has ruled East Germany for 18 years. Another is the dilemma that confronts all East German thoughts of reform.

Many of the young East Germans in Hungary, asked why they want to go west, speak of the total absence of anything like the reforms now in progress in Poland and Hungary. But as an East German official pointed out last week, their country is fundamentally different from the others in Eastern Europe. Poland and Hungary are identifiable nations in more than the political sense; their languages, cultures and history set them apart from their neighbors. That is not true for East Germany. If it were to abandon its Leninist dogma, nothing would distinguish it from its neighbor to the west. Its whole reason for existence as a separate state would vanish.

With or without Mr. Honecker, the East German regime has no answer to that dilemma. Meanwhile, the outpouring of its population accelerates. While they know that they are going to a richer country, the thousands of people who hope to leave illegally through Hungary are going with literally nothing but the shirts on their backs. They are leaving their homes and all their possessions, their savings, their jobs and their friends. For most, it is a wrenching decision. It would have been convenient for both governments if they had been more patient. But, as many of them have said to anyone who asked, they are tired of waiting.

— THE WASHINGTON POST.

Again, Cambodia Braces

The conference that was called to end 20 years of war and terror in Cambodia has broken off in a fit of mutual recrimination, and the immediate prospect is for a resumption of fighting. Current wisdom holds that, with Vietnam's 10-year occupying army due to complete its promised withdrawal by the end of this month, the Cambodia parties are settling in to conduct a new test of wills on the battlefield before turning again to diplomatic ways.

Perhaps so. Before yielding to the inevitability of further carnage, however, outsiders need to be clear about what is going on. It is too simple to say that the divisions among Cambodians are deep, a formulation that amounts to a shrug. The divisions are of a particular sort. One faction, the Khmer Rouge, completely delegitimized itself as a party worthy of being included in a new government by its murder of a million or more Cambodians in the period before Vietnam, Cambodia's traditional rival, invaded and drove Pol Pot from power in 1978.

It never should have been regarded as a purpose of the Paris conference to find a place for the Khmer Rouge. There is no appropriate place for perpetrators of genocide. The purpose of the conference should have been to exclude the Khmer Rouge, to reduce their role to the barest minimum.

Of the major outside parties conferring at Paris, however, this goal was adopted only by the Soviet Union, the leading patron of Vietnam and of the Cambodian government led by Hun Sen that Vietnam is leaving behind in Phnom Penh. Soviet strategic and political interests happen to coincide in this case with a concern for the welfare of the Cambodian people.

Unfortunately, the same cannot be said of all the others at Paris. The Chinese, continuing to put regional balance-of-power considerations first, strongly supported their bloody-handed Khmer Rouge allies. The Southeast Asian nations, particularly Thailand, principal conduit for Chinese arms shipped to Pol Pot, leaned to a policy consistent with Beijing's.

The United States went to Paris insisting that its overwhelming priority was to fence out the Khmer Rouge. But American diplomacy has yet to grant the distasteful but undeniable fact that the vital instrument to achieve this goal is not the weak and uncertain non-Communist opposition of Prince Sihanouk and former Prime Minister Son Sann, but the tough and well-armed Communist opposition led by Vietnam's Cambodian choice, the former Khmer Rouge officer Hun Sen. American officials sought to bridge the gap by encouraging the prince to deal with Hun Sen, but he had another game in mind and chose to stay in league with the deadly Khmer Rouge.

The terrible truth seems to be that unless and until the United States can bring itself to rely on Hun Sen, it will not have a relevant role in keeping the Khmer Rouge from bidding again for power. The end to Cambodia's agony, in short, is not in sight.

— THE WASHINGTON POST.

The Left-Hander's Burden

Michelangelo was left-handed. Holbein, too. Leonardo da Vinci, maybe.

History tells us they were great artists. What it does not tell us is whether they took the seat at the left end of the table, to spare their fellow diners their elbows.

Or if they cut themselves when they used the scissors, or hunched over their handwriting, or had to think twice before turning the handle. Like all lefties, they were living in a world they never made.

It is also a world for which, perhaps, lefties are not long. In 1979, while researching health statistics, psychologists at the University of British Columbia noticed that the percentage of left-handed people dropped from 15 percent at 10 years old to 13 percent at age 20 to 5 percent at age 50 to a goose egg at 80.

Then they looked toward baseball players, whose handedness is denoted in the record books. Same thing: southpaws went sooner.

"This left us with the macabre possibility," Dr. Stanley Coren said recently, "that there is a smaller and smaller number of left-handers in the statistics because ... they had died."

Dr. Coren found that, up to age 55, the principal cause of death is accidents. Gearshifts conspire against the left-handed, he contends; so do traffic patterns and band saws and lathes. Can openers, while not necessarily lethal, are also unkind.

"The world," says Dr. Coren, whose latest study is in the current issue of The American Journal of Public Health, "is set up for the safety and convenience of right-handers."

The world also speaks of left-handed compliments (bad) and right-hand men (good), of times when the right hand (innocence) doesn't know what the left hand (guilt) is doing. To tell the truth, nothing but the truth, one swears by raising one's right hand. Only in politics are "right" and "left" equally meritorious — or opprobrious.

Not all researchers endorse the suggestion that left-handers tend to pass on early. "You have to be very careful with a conclusion like that," says Dr. Albert Galaburda of Harvard Medical School. "I would want to check it among thousands of people."

Meanwhile, there is some evidence to cheer those of us who are fated to zig while others zag. Holbein died at 46, of plague, which was epidemic. Leonardo died at 67, a ripe age for the 16th century. Michelangelo departed at 89, a good age for any century.

— THE NEW YORK TIMES.

Other Comment

Identifying the Enemy

Fifty years ago, Hitler "let slip the dogs of war," unleashing his blitzkrieg on Poland. Thus began a 50-year nightmare of subjugation to totalitarianism from which Poland is only now emerging. The Polish Senate on Wednesday carried a resolution that, unlike previous official statements, blamed Stalin as well as Hitler for starting it: Soviet labor camps and Nazi concentration camps alike had carried out "planned extermination" in which many of the six million Polish victims of the war died.

The heartwarming events of the past few weeks in Poland cast into deeper relief the horrors to which ideological, religious and nationalist obsessions inevitably lead.

[There has been] a surge in terrorist attacks, inspired by such obsessions, over the past two decades. These attacks serve to remind democratic societies of the need to remain vigilant in maintaining defense mechanisms — and of the need to reinforce those very institutions that mark such societies out against totalitarianism: governments elected by free general franchise and accountable through a range of institutions including the media, independent judiciaries, and economies that are free to respond to market requirements. Adopting merciless means to combat cruel opponents only tends to vindicate the terrorist in his cause.

The struggle to maintain — ideally, to extend — these facets of free societies is most readily undertaken when they are most palpably threatened. Totalitarian states themselves have to invent such foes where none exists. China today is a clear example, the Tiananmen soldier-terrorists held out by the regime as heroes against counterrevolutionary devils. By contrast, for most Western peoples, the enemies (apart from terrorist and drug-running gangs and the nations that succor them) are no longer obvious.

— Australian Financial Review (Sydney).

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel.: (1) 46.37.93.00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.

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S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337
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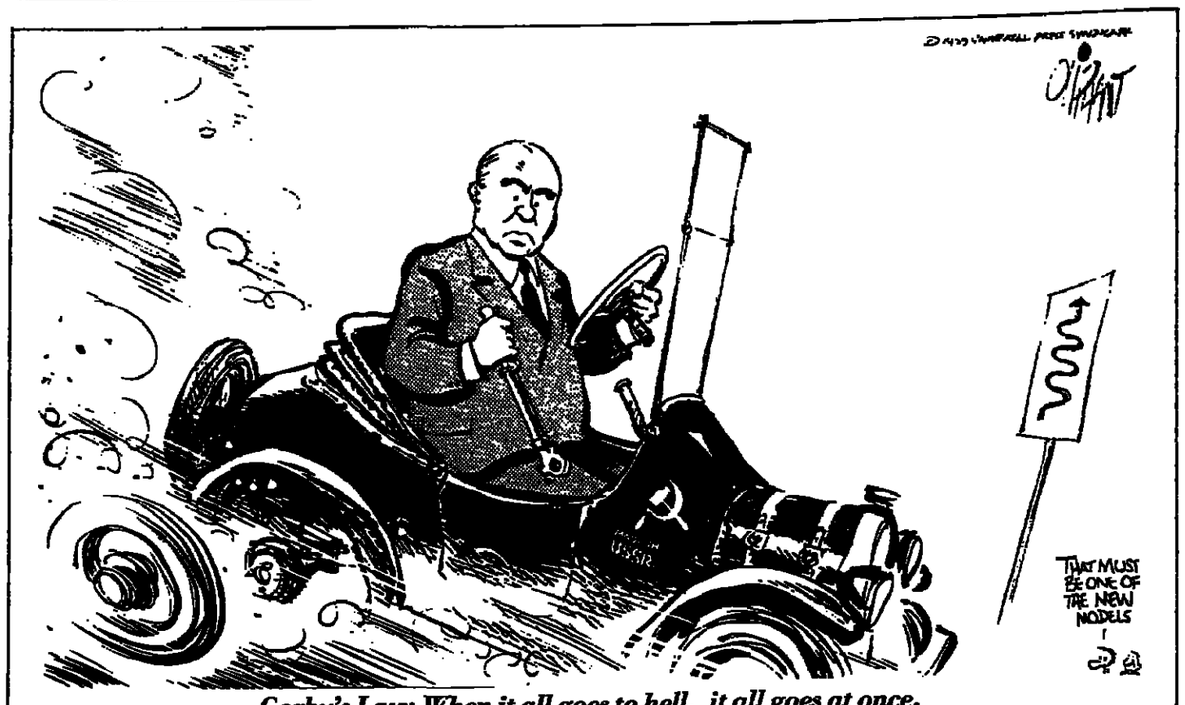
ISSN: 0294-8052.

OPINION



Gorby's Law: When it all goes to hell, it all goes at once.

World War II: The Nightmare Came as No Surprise

By Stanley Hoffmann

CAMBRIDGE, Massachusetts — I was in my home in Paris the day the Second World War began, Sept. 1, 1939, but I do not remember much about it — not because I was too young (I was 10) but because it was almost an anticlimax.

Throughout the '30s, France and Britain had been slow, often indecisive and hopelessly outmaneuvered by Hitler's devilish strokes. The ponderous bourgeois gentlemen in heavy suits and hats who led the two Western democracies did not have a chance against the cunning gangster.

Again the usual scenario was repeated. Hitler invaded Poland early on Sept. 1. France, where I had lived since infancy, ordered general mobilization the same day, debated a supplementary military budget (without any reference to war) in Parliament on Sept. 2 and finally declared war on Sept. 3. By that time, Hitler was deep into Poland.

Above all, Sept. 3 was an anticlimax because it was merely the bottom of a slope on which one had been sliding for years. The really memorable moments had all come earlier. The most dramatic had been the Munich crisis, almost a year before.

Most of the French were convinced at the time that war was imminent because of France's commitment to Czechoslovakia. The desire for peace, in a nation bled white by the First World War and exhausted by years of severe internal political turmoil and economic recession, was so strong that Prime Minister Edouard Daladier was celebrated as a hero when he returned from the Munich conference, where Britain and France had sold out Czechoslovakia.

But for several weeks everyone had been expecting the worst. I remember being glued to the radio and listening with dread to Hitler's raucous histrionics. They seemed so transparently malignant that I could not understand how so many people still trusted his assurances.

But then my mother's family — Austrian Jews who had stayed in Vienna, whereas she had emigrated for personal reasons many years before Hitler's annexation of Austria — had, one by one, fled to Paris since March 1938 and informed us of what was going on in the Third Reich.

The sense that Munich was a reprieve, not a rescue, from war had been strengthened by the next shock: Hitler's invasion of the pitifully dismembered post-Munich Czechoslovakia in March 1939. After that, everyone knew it was a matter of months.

But nobody was ready for the biggest surprise of all, the Hitler-Stalin pact. My mother and I were vacationing in the Alps. Everyone there behaved as if it were a normal summer, everyone tried to shut out the outside world. But on Aug. 23 the news of the deal between the German foreign minister and his Soviet counterpart spread among the tourists in the little mountain town. It was as if the plague had struck. One understood at once that this meant war — that Hitler had a free hand for his next aggression and that Britain and France could no longer weasel out.

All the vacationing city folk immediately returned to their homes, from which partial mobilization measures would take many of them almost immediately. What I remember is our gloomy train ride back to Paris where we waited for the inevitable.

Another reason I remember so little about the day the war began is that we were by then busy preparing to leave again. The psychology of Londoners and Parisians in the months of what later was to be called in England "the phony war" (and in France *la drole de guerre*) — because nothing seemed to be happening — has never been properly studied.

The air raids over Spanish cities during that grand rehearsal of World War II, the Spanish Civil War, had left an enormous imprint on the imagination and expectations of the French and the British — none more so than the destruction of Guernica.

For years, with the help of Germanophiles such as Charles Lindbergh, British and French authorities had been awed by the Luftwaffe, and dreaded its destructive power. Somehow, people were convinced that the war in the West would begin by massive German air attacks on the major towns, and hundreds of thousands of Parisians left the city — the men went to the front, women and children to the provinces, on a kind of second, forced and anxious holiday.

My mother and I went to stay in a quiet little spa in the south of France. It soon became clear that nothing was happening in the west: The French army was immobile behind the Maginot Line, the German army was immobile behind the Siegfried Line, the air was quiet, all the action was in the east where Germany and Russia quickly carved up Poland.

From our village we went to Nice, where we had lived before 1936 and which my mother deemed safer than Paris. When she saw that nothing at all was continuing to happen, we went back to Paris at Christmas and for a few months lived in that fool's purgatory, that strange unreal climate of daily propaganda boasting, military passivity and ordinary living, as if there was no war.

The next shock would be the invasion of the Netherlands, Belgium and France on May 10, the swift collapse of France's armies and the flight of millions all over France's roads.

We fled Paris 24 hours before the Nazis arrived, on June 12, 1940, leaving all our belongings behind. This exodus — it took us a week of hitchhiking to get to Bordeaux — marked not only the irruption of real war into millions of lives but also, for me, the irremediable end of childhood.

When I think back not only on Sept. 3, 1939, but on that long nightmare from 1938 to the liberation of France in 1944, I find that I owe to it my convictions about human nature and about both the fragility of the political order and the resilience of societies.

There is one great allegorical play that embodies, for me, all the absurdities and tragedies of that long descent into degradation: Eugene Ionesco's "Rhinoceros," in which people first refuse to be disturbed by the ominous appearance of rhinos in their midst and then gradually turn into rhinos themselves — except for one person who resists the herd.

Fortunately, there was more than one average guy who refused to conform and to become a monster.

The writer is chairman of the Center for European Studies at Harvard University. He contributed this comment to The New York Times.

September 1939: How Little They Knew

By George F. Will

LONDON — In Whitehall, a steady trickle of tourists shuffle through the subterranean rooms where Winston Churchill and his war cabinet conducted business while the bombs fell. Taped voices of Chamberlain and Churchill and Hitler echo through the corridors.

Across the river in the Imperial War Museum, visitors must make reservations for "The Blitz Experience," a simulation complete with smoke, sounds of air-raid sirens and make-believe bomb concussions. It is very popular. It lasts eight minutes.

A recurring theme in modern thought, in writings as diverse as those of Freud and Proust, is the insistent, disturbing prompting of uncontrolled memory. And a recurring political task is the recapture of the past through cultivated memories, those mystic cords that bind people into communities. However, commemorations can give false clarity to the past.

What really began in September 1939? The late A. J. P. Taylor was a contrarian, but he had a point when he said the Second World War began in April 1932, when Mao and Chu Teh declared war on the Japanese in the name of the Kiangsi soviet. Mr. Taylor said the war in the European theater began in March 1938, when the army of a great power, Germany, crossed a frontier — Austria's — to force political change. John Lukacs says that what began 50 years ago was "the last European war." As a European war it lasted until December 1941, at which point it became a world conflagration.

What certainly began on Sept. 1, 1939, was the quick conquest of Poland. By December 1939, only two European states were really involved in combat — the Soviet Union and Finland. British and German troops did not meet until April 20, 1940, in Norway. And as Mr. Taylor wrote, until 1942 a woman in London was more apt to be a war casualty than was her husband in the army.

The outcome of the war was settled in the first week of December 1941, on Dec. 5, when the Red Army launched a general offensive on the Moscow front, and on Dec. 7, when America was dragged into the war.

No one knew what the world was slipping into 50 years ago. A Washington Post headline of Sept. 3, 1939, said: "Both Sides Agree Not to Bomb Civilians." The war that in its first month featured charges by Polish horse cavalry ended with two atomic blasts. In 1941, the U.S. army still had 20,000 horses.

Paul Fussell, in his fascinating new book, "Wartime," is an archaeologist of the American and British psyches; he confirms the judgment that it was a war in which disillusionment set in before the first shot was fired.

In 1914, the poet Rupert Brooke spoke for many when he thanked God for the war, rejoicing in it as an awakening from "a world grown old and cold and weary," relishing war as a cleansing, invigorating experience, "as swimmers into cleanness leaping."

But the nations that turned wearily to World War II had read "All Quiet on the Western Front" and "Grand Illusion." They had read John Dos Passos's "Three Soldiers," Ernest Hemingway's "A Farewell to Arms," and other literature conveying the taste of ashes from the last war.

The Second World War was, Mr. Fussell says, a war of impersonal forces, shaped by developments in mass production and propaganda. It was Krupp against General Motors, a war in which anonymity, the annihilation of individuality, was underscored by the name given to the men who conquered the ground: G.I. (government issue) Joes.

Eugene Sledge, a marine whose memoirs Mr. Fussell has rescued from obscurity, recalls Okinawa, where replacements were killed before their units learned their names. "They were forlorn figures coming up to the meat grinder and going right back out of it like homeless waifs, unknown and faceless to us, like unread books upon a shelf."

Of course the war was a ghastly experience, a maelstrom of modern forces that a poet called "the conspiracy of the plural against the singular." But it was waged on behalf of singularity. Suppose our side had not won.

As Mr. Lukacs writes, it is inconceivable that in World War I, a nationalist war, a bar of German music (from Beethoven's Fifth Symphony — three short notes and one long: Morse code "V" for victory), could have been adopted as a call of defiance by the nations fighting Germany. But the Second World War was waged in defense of a civilization of which Beethoven is an exemplar. It was a war worth winning.

Washington Post Writers Group.

From de Klerk, Just Another Ploy?

By Karl S. Beck

WASHINGTON — Will F. W. de Klerk, the Afrikaner lawyer chosen by the National Party to succeed P. W. Botha as president of South Africa, give blacks real political rights?

Mr. de Klerk says he has a reform plan that will prevent any racial group from dominating any other. Foreign governments expect that soon after the parliamentary elections Wednesday he will reveal the details. Meanwhile, the police are arresting and shooting blacks who demand equal rights.

Some consider Mr. de Klerk South Africa's "last white president." His plan may include just such a surprise. But his country's history warns us that that this could be one more clever ploy in white South Africa's well-rehearsed strategy to preserve white control.

For Mr. de Klerk, as for his predecessors during four decades of National Party rule, the most pressing issue is black people's demand for equality.

In the '50s, '60s and '70s, the party responded with brutal repression of Africans' political organizations, and Prime Minister H. F. Verwoerd's "grand apartheid," a social-engineering monstrosity that tried to remove Africans from "white South Africa" and make them citizens of "independent" Bantustans with no cities, ports, industries or anything else of value.

The Verwoerd scheme failed because many Africans resisted going to impoverished backwaters. Besides, they were needed in urban areas by the growing economy.

A more recent ploy was former President P. W. Botha's "reform" of the early '80s, which was conceived to co-opt Indians and "coloreds" (people of mixed race) into sustaining white control.

Mr. Botha realized he could not remove black Africans from South Africa, and he saw the population ratio altering steadily against whites. He also sensed black Africans' growing assertiveness, which he tried to divide into economic and political components, encouraging the former and repressing the latter.

In 1983, at President Botha's urging, whites voted for a new constitution that opened Parliament to Indians and coloreds. These nonwhites are accommodated in separate chambers of a three-house legislature, which does not include blacks.

Initially, Mr. Botha assumed he had recruited four million colored and Indian allies for the five million whites (who are outnumbered 5-to-1 by blacks in South Africa.) He set out to channel black Africans' political energies toward local government, believing blacks could be bought. Indeed, some have been co-opted.

Contrary to Mr. Botha's expectations, vast numbers of coloreds and Indians sided with the now-banned United Democratic Front, which was organized in 1983 to oppose the Botha constitution.

In addition, millions of Africans were angered about being prohibited by law from any say over how they are governed. This caused the 1984-1986 rebellion, which appears to be starting again.

Mr. de Klerk has revealed little of his plan. He says he knows that blacks want representation in the national government, and promises to include them "at the highest levels" while continuing to structure the political system as a collection of groups defined by race.

Foreign governments can expect that the plan will uphold the paramountcy of white interests and contain instruments necessary to suppress black power. They should also expect the National Party to insist on choosing blacks to anoint as political leaders. Can we really expect Nelson Mandela and Desmond Tutu to be among Mr. de Klerk's leadership candidates?

It would not be surprising if Mr. de Klerk relinquished a greatly weakened presidency to a black quisling while assuming office as executive prime minister with authority over security and the economy.

Western governments are urging Mr. de Klerk to accelerate reform. If his plan does not legalize equal political rights for all South Africans, these governments should not equivocate. They should make it clear that a political system based on racial discrimination, no matter how elegantly presented, is not South Africa's ticket for admission to the group of democracies.

The writer is a senior associate at the Carnegie Endowment for International Peace. He contributed this comment to The New York Times.

The Vatican Must Douse The Flames

By Flora Lewis

PARIS — The ugly issue of the Carmelite convent at Auschwitz has flamed into an international disgrace, and it has done so in the midst of the 50th anniversary of the Nazi invasion of Poland that started World War II.

The shameful speech by Poland's primate, Cardinal Josef Glemp, came as a new Polish prime minister, a Roman Catholic intellectual and a dedicated democrat, is trying to lead Poland out of the long nightmare of totalitarianism brought on by the war. Has nothing been learned?

In a recent Mass at Poland's national shrine, Cardinal Glemp complained that "the feelings of all Poles, and our sovereignty" were being assaulted by Jewish groups that insisted the nuns be moved away from the death camp, silent symbol of the Holocaust.

"Dear Jews," he said, "do not talk with us from the position of a people raised above all others, and do not dictate conditions that are impossible to fulfill." Providing an extreme example of cart before horse, he said, "When there is no more anti-Polish feeling, there will be no more anti-Semitism among us." And he added: "Your power lies in the mass media that are easily at your disposal in many countries. Let them not serve to spread anti-Polish feeling."

The cardinal thereby spread a painful issue of respect for the victims of a monstrous doctrine into a renewed issue of Christian-Jewish relations.

There are only a few thousand Jews left in Poland, from a prewar community of 3.5 million. Cardinal Glemp showed the endemic persistence of anti-Semitism, even without Jews.

The cardinal purported to speak in sorrow and sympathy, but he came near echoing one of his predecessors, Bishop Hlond, who as primate said in 1936, "There is a Jewish problem which will last as long as the Jews don't stop being Jews."

True, many Catholic Poles, including priests and nuns, died at Auschwitz, along with 2.5 million Jews. True, the Carmelite nuns established their convent in 1984 to pray and mourn.

True, seven American Jews who scaled the convent walls in July, and were beaten and thrown out by Polish workers, were aggressive in the way they chose to protest. But Cardinal Glemp's remarks have escalated a dispute theoretically solved by agreement in 1987 into a problem the Vatican can no longer evade, and cast a shadow on Poland's new politics.

Tadeusz Mazowiecki, the new prime minister, was chosen in part because he was one of Solidarity's leaders with the closest ties to the church. The newly legalized union, not really a political party but an association representing a variety of views, feels obliged to rely heavily on church support as it tries to organize transformation of the regime.

Mr. Mazowiecki, who founded an influential Catholic monthly in 1957, also founded a network of Catholic intellectual clubs. Among other things they organized dialogues on the Polish-Jewish past, as well as groups to look after Jewish cemeteries, since so few Jews still live in Poland.

Clearly, Solidarity is embarrassed by the cardinal, whose relations with the pope are known to be cool. Vatican sources say that the pope himself is embarrassed. He has said that "hostility, or worse, hatred toward Judaism is in complete contradiction with the Christian vision of the dignity of man." But he has not spoken out on Cardinal Glemp's diatribe, nor on the convent, and he recently declared that the Jewish people had broken their covenant with God.

There is too much history of anti-Semitism in Poland for all this to be set aside as an unfortunate incident. John Paul II, the first Polish pope, is well aware of it. He has made some important gestures toward Catholic-Jewish conciliation.

There is too much history of anti-Semitism, period, and events in Poland are providing a pretext to revive it in Western Europe.

The French far-rightist Jean-Marie Le Pen denounced "the Jewish international" recently for undermining "national spirit," and a fellow National Front leader, Bernard Antony, a deputy in the European Parliament, said the Glemp speech had "filled him with joy" and raised "to the world level what Le Pen is producing on the national level."

It is horrible that cloistered nuns at such a tragic site should become an excuse for rekindling the very evil they claim to expiate. But it is happening. The pope has the authority and needs to show the will to put a stop to it.

The New York Times.

100, 75 AND 50 YEARS AGO

1889: 'Artificial' Birds

PARIS — The *Herald* says in an editorial: "If man ever succeeds in navigating the air, it will be after he has discarded the gas bag balloon, and studied the problem of building artificial birds. The bird flies because its muscular power bears a certain relation to its weight. When man builds a machine which will develop as much power in proportion to its weight as the muscles of the swallow, the machine will navigate the air."

1914: Turkish Intentions

ATHENS — The Turkish Minister has given the government an affirmation of the pacific intentions of his country toward Greece. He even insisted that declarations to the contrary made elsewhere by Turkey's Ambassadors cannot be correct. These pacific declarations are received here with some skepticism, in view of Turkey's attitude and the preparations she is making.

1939: War is Declared

PARIS — A quarter of a century after the outbreak of the World War, France and Britain again went to war with Germany yesterday [Sept. 3]. Britain was in a state of war at 11 a.m., while France entered the war at 5 p.m. The cause was the failure of Chancellor Adolf Hitler to reply to the ultimatum sent him by the two countries demanding that he withdraw his troops from Poland. "This morning," Mr. Chamberlain said in a radio broadcast, "the English Ambassador at Berlin handed the German government an official note declaring that unless we were informed by before 11 o'clock that it was prepared to withdraw its troops from Poland, a state of war would exist between the two countries. I must tell you that no promise has been received and that in consequence this country is at war with Germany." In Berlin, Chancellor Hitler exhorted the Germans to resist the "new British policy of encirclement."

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China to Cut Number Allowed For Graduate Study Overseas

By David E. Sanger
New York Times Service

BEIJING — In a significant shift in its strategy to modernize the country, China has announced that it will restrict the number of graduate students it sends abroad and will begin producing far more members of its technological elite in Chinese universities.

The new policy has been described in the Chinese press, and officials explicitly linked the move to concern about the pro-democracy movement, now crushed, that sprang from some of China's leading universities.

In an interview published in the English-language China Daily on Saturday, the vice minister of education, He Dongchang, said that a "screen" must be placed over China's windows to the world to prevent "flies and worms" from infesting the country.

"Opening to the outside world does not necessarily mean seeking knowledge from only a few Western countries," He said.

The move comes at a time when China, which has depended heavily on foreign technology and education in recent years, is trying to loosen its dependence on the West. That drive accelerated after the crackdown on the democracy movement in early June.

For example, meeting Saturday with scientists developing China's space program, Prime Minister Li Peng said that after the June demonstrations "we have come to the sober conclusion that China's space industry, either for national defense or civil purposes, must be developed through self-reliance and hard struggle."

He urged the the scientists to use as much domestic technology as possible.

Several weeks ago the government announced a plan to force university graduates to spend two years in labor programs, many in the countryside.

As colleges start up this week, the first course is "ideological re-education." It starts with the study of speeches that Deng Xiaoping, the country's foremost leader, gave after the student movement was driven off the streets.

Discussing the new policy, Mr. He did not specify how many students China would allow to go abroad. But the vice minister, who is considered a close ally of Mr. Li, said that China would concentrate on producing its own holders of higher degrees in the future "instead of sending students overseas for doctorates."

A report on the official Xinhua News Service said that "the state had made a preliminary decision to reduce the number of students who will be sent abroad for graduate and doctoral studies" while increasing the number of "visiting scholars" sent to the United States and other nations for brief periods of study.

The move appears intended to help solve one of China's most vexing problems: Many students who leave the country never come back. Presumably visiting scholars would be older and have deeper ties to China, including spouses and children back home.

A leading American businessman in Beijing, who is familiar with many Chinese students educated in the United States, said: "I think they have concluded that after 10 years of sending students abroad, they aren't getting that much out of it. And when people do come back, they are resented by people who did not go abroad and underutilized by the state."

The government is also likely concerned by the thousands of Chinese students abroad who have organized a movement in exile, with extensive contacts back in their homeland.

Chinese officials said before the crackdown on the democracy movement that about 7,000 students were doing postgraduate work around the world under government financing. Government departments and state-run enterprises send another 5,000 abroad.

■ UN Resolution Assailed

China accused the United Nations on Saturday of illegally meddling in its internal affairs by criticizing the military crackdown on dissidents in June, Reuters reported from Beijing.

The state television quoted a Chinese Foreign Ministry statement as saying that a UN draft resolution adopted in Geneva on Thursday "deviated from the charter and principle of the United Nations." The ministry statement said the resolution "brazenly interferes in China's internal affairs."

It was China's first comment on the Western-backed resolution, which was voted by a subcommission of the UN Human Rights Commission. The resolution voiced concern over over human rights and urged clemency for Chinese arrested since the crushing of the student-led democracy movement.

Ben Ishikawa/Agence France-Presse

QUESTIONABLE REFUGEES — In Nagasaki, part of a group of 31 claiming student status awaiting questioning Sunday after being taken into custody. Police said the group apparently came ashore from a 50-ton vessel anchored off the Japanese port and all possessed false Chinese passports or other false documents identifying them as students allowed to study in Japan.

China to Double Fares On Domestic Transport

The Associated Press

BEIJING — Domestic passenger fares on Chinese trains, planes and ships will roughly double as of Tuesday to provide more funds for the crowded transport system, the government said Sunday.

A government spokesman, Yuan Mu, said in the official press Sunday that prices would increase 77 percent for domestic flights but that air fares for foreigners would remain unchanged this year.

Eventually, however, foreigners and overseas Chinese also will pay higher fares; prices for all visitors will be set at 70 percent above what Chinese pay, according to the announcement. That is the price ratio used under the old system.

Mr. Yuan said the price increases would pay for renovation and expansion of the system.

He added that train tickets would rise from the equivalent of a half-cent per person per kilometer (0.62 miles) to at least one cent.

The train fares will rise an average of 112 percent, with those for trips of more than 100 kilometers increasing 120 percent.

According to the statistical bureau, quoted Sunday by the English-language China Daily, train fares have stayed almost unchanged since 1955 except for a minor price rise in 1985.

A lower-class sleeping berth from Beijing to Guangzhou, 1,950 kilometers south, has cost the equivalent of $16. A factory worker receives an average of $27 per month.

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Rioting in Hong Kong Camps

Vietnamese Refugees' Despair Fuels the Disturbances

By Barbara Basler
New York Times Service

HONG KONG — The second major refugee riot here in recent days, in which one person died, is another sign that frustrated Vietnamese refugees crowded into Hong Kong's detention centers are increasingly turning to violence, officials say.

A Vietnamese man was killed Saturday and 11 others were hurt during a disturbance that began with a dispute over a gambling debt.

For the first time, British soldiers were called in to assist the police. The 30 soldiers searched for weapons in the Sek Kong detention center, the site of Saturday's violence, where 7,000 Vietnamese refugees are housed in tents pitched along a runway belonging to the Royal Air Force. A government spokesman said that the soldiers used metal detectors to search for buried caches of homemade weapons.

A week earlier, on Aug. 27, 1,000 Vietnamese rioted on the island of Tai A Chau, and despite the use of tear gas, the small contingent of police officers there was unable to restore order and was forced to withdraw from the island. After a night of assaults, robberies, and five reported rapes, the island, where 5,500 Vietnamese were detained, was retaken when helicopters ferried in more than 350 riot policemen. Twelve arrests have been made, and one Vietnamese was charged with rape.

Tai A Chau, virtually uninhabited before the Vietnamese were moved there about three months ago, has no electricity, running water, or toilets. The refugees have been living in crumbling, abandoned village huts and makeshift tents, surrounded by piles of garbage and human feces.

Conditions are so squalid that the government said Friday it could not control a recent cholera outbreak and would evacuate the island, increasing overcrowding, at least temporarily, in other camps.

Sixteen cases of cholera have been reported among people on the island. After a cleanup of Tai A Chau, and the construction of some crude housing, Vietnamese again will be housed there, officials said.

The police said that Saturday's violence at the Sek Kong camp, which is in the New Territories area of the colony, began at 6 A.M. and raged for three hours as 200 refugees fought one another with sharpened tent pegs, water pipes, bottles, and stones. Several hundred riot policemen were called in to restore order, and 46 people were arrested.

"What's happening inside these camps is a total breakdown of order," said a worker with a relief agency that deals with the Vietnamese. "Normal controls are gone. Parents do not even control their children. People are hopeless and frightened. Tempers are frayed."

Hong Kong is struggling to house and control more than 55,000 Vietnamese, only about 14,000 of whom are regarded as refugees and await resettlement in other countries. Hong Kong officials have said that Vietnamese who arrived after June 16, 1988, must prove they are fleeing religious or political persecution. Otherwise they remain jailed in prison-like detention centers until they can be returned to Vietnam.

According to Hong Kong officials, most of the Vietnamese crowding into Hong Kong are fleeing their country's grinding poverty.

The Hong Kong government has maintained that the only solution to the Vietnamese problem is forced repatriation. Sir David Wilson, the governor, returned Saturday from a meeting in London with Britain's foreign secretary and announced that he hoped to reach an agreement with Hanoi on mandatory repatriation by the end of the year.

Over the summer, there have been scores of disturbances in the camps, with police officers and detainees suffering injuries. A police spokesman said that there have been six slayings in the detention centers this year.

The police believe Saturday's riot began when an argument broke out among Vietnamese who had gambled on the outcome of a camp volleyball game.

Beijing Deters Bids for Study in U.S.

By Michael Weisskopf
Washington Post Service

BEIJING — The Foreign Ministry has issued regulations denying government subsidies to officials seeking to study in the United States, according to sources familiar with the regulations.

The sources said the regulations also required recent college graduates recruited for ministry jobs to undergo at least 10 months of political indoctrination at a military installation.

The regulations, disclosed by Chinese and Western sources, are part of a larger government effort to increase the political reliability of China's diplomatic and trade officials. Many such officials openly supported democracy demonstrations in the spring, and dozens of officials overseas defected after the crackdown in early June.

A Western diplomat familiar with the new regulations said the ban on subsidies only applies to study in the United States, which has half of China's overseas students. Many government-paid scholars and nearly all those privately sponsored do not return to China.

In place of U.S. colleges, the ministry is expected to send more officials to study in the Soviet Union and Eastern Europe, the diplomat said. Many of the symbols and slogans of the democracy movement in China were inspired by the American experience absorbed by tens of thousands of Chinese who have studied in the United States.

Under rules recently circulated in government documents, ministry officials seeking to study overseas must quit their jobs, surrender their Beijing residency permits and return to provincial hometowns where passports are much harder and slower to obtain, the sources said.

The ministry apparently intends those regulations to discourage foreign study since the applicant faces the risk of not getting a passport and not being able to get back his old job if he fails.

China also will stop sending diplomats to overseas conferences on human rights and social issues and stop posting diplomats younger than 35 to embassies in North America and Western Europe, the sources said.

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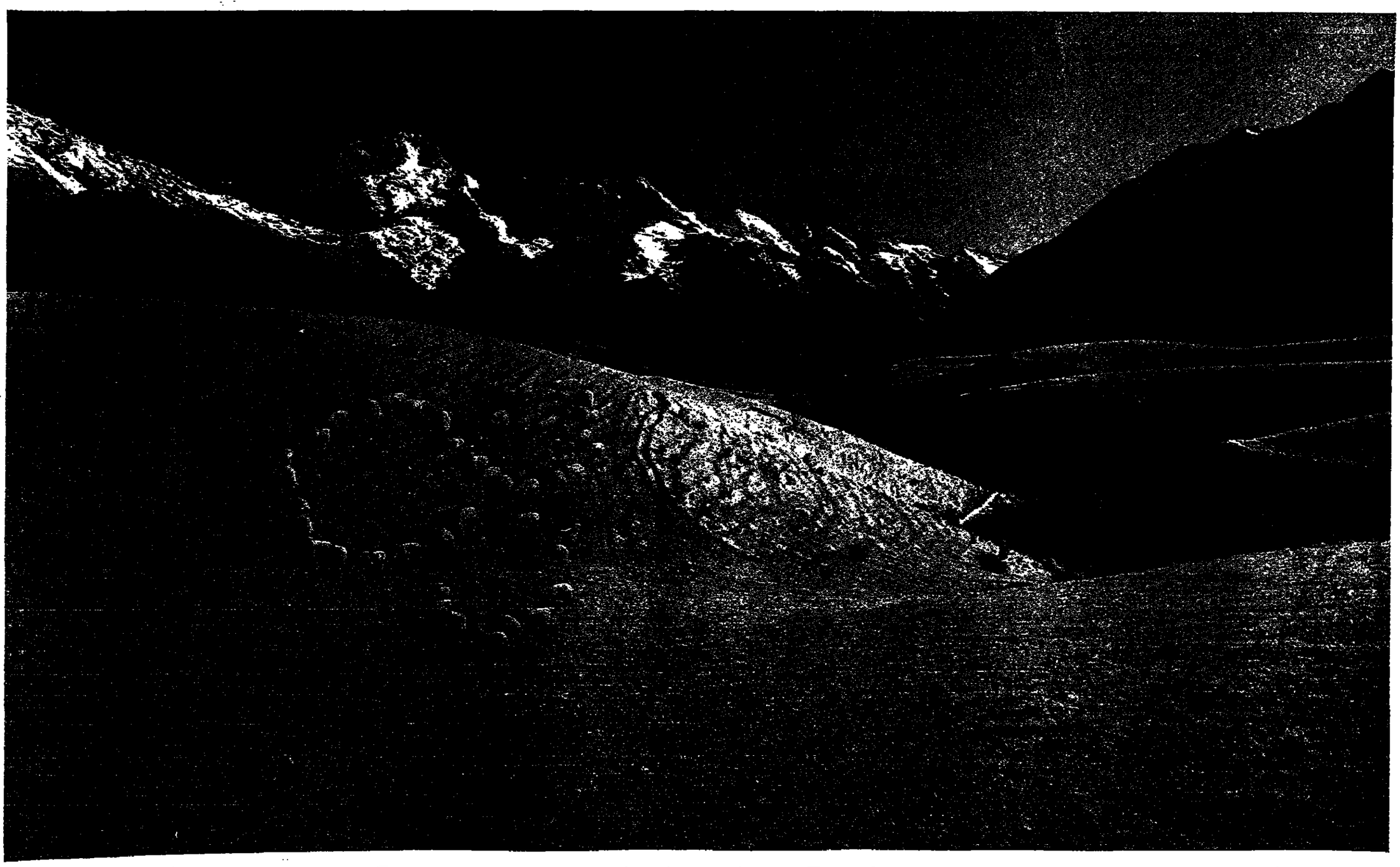

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U.S. Plans to Block Jewish Refugees From Soviet Union

By Robert Pear
New York Times Service

WASHINGTON — Federal agencies have drafted plans that would make large numbers of Soviet Jews ineligible for admission to the United States as refugees.

A likely effect of the plan would be to channel many of them to Israel.

In addition, the Bush administration is opposing bills passed by both houses of Congress that would make it easier for Soviet Jews and evangelical Christians to emigrate to the United States.

The State and Justice Departments oppose the legislation because it would create huge numbers of "presumptive refugees" whose resettlement would impose immense costs on the government.

Confidential State Department documents show that the administration is making elaborate plans to cope with a dramatic increase in emigration resulting from the relaxation of Soviet exit restrictions.

Soviet Jewish emigration soared from 8,155 in 1987 to 18,965 last year and appears likely to exceed 48,000 in 1989, U.S. officials say. The preliminary figure for August — 6,756 — was the highest monthly figure in more than 20 years.

The Soviet relaxation is among the changes put into effect since President Mikhail S. Gorbachev took power in 1985.

For years, the United States has insisted that Soviet Jews should have complete freedom in choosing their destinations. But administration officials say the country can no longer accommodate all those who want to come, for economic reasons as well as the increasing difficulty of proving that the Jews are political or religious refugees.

Most of the plan is subject to approval by President George Bush, Secretary of State James A. Baker 3d and Attorney General Dick Thornburgh in his capacity as supervisor of the Immigration and Naturalization Service and the Federal Bureau of Investigation.

It is not subject to congressional approval, although Congress could pass legislation to block or revise it. A State Department document says the administration hopes to "avoid congressional hearings and legislation" on the issue. Under the Refugee Act of 1980, the president decides the number of refugees admissible each year.

The most significant change contemplated by the administration would gradually end the use of Rome and Vienna as way stations for Jews leaving the Soviet Union.

There would be a "rapid increase" in the staff of the U.S. Embassy in Moscow, "so a greatly increased volume of refugees and immigrants can be handled" there by early 1990, according to a State Department planning document.

The administration has already endorsed adding staff in Moscow to clear a large backlog of applications and handle new applicants.

Under the State Department plan, Soviet Jews with no relatives in, or other ties to, the United States would become ineligible for admission as refugees. At least half of Soviet Jewish applicants are in that category.

State Department documents show that U.S. officials hope there would be "direct charter flights to Israel" from Moscow for Soviet Jews who became ineligible for U.S. refugee status.

Israeli officials said they welcomed the prospect that the United States would tighten restrictions on the admission of Soviet Jews, because that meant that more would go to Israel. They contend that a sizable influx of Soviet Jews would strengthen Israel.

The plan was developed secretly by a group of officials from the State Department, the immigration service, the FBI and the Central Intelligence Agency.

The administration plan has caused soul-searching and debate among U.S. Jewish groups.

"We don't want to collaborate with the U.S. government on a selection plan that bars Soviet Jews without close relatives in the United States, because that would disqualify some leaders of the Soviet emigration movement," said Pamela B. Cohen, president of the Union of Councils for Soviet Jews.

But David A. Harris of the American Jewish Committee said, "A growing number of American Jews are coming to believe that limits on refugee entry to the United States would not be so terrible if they result in greater voluntary migration to Israel."

On a visit to Washington in 1987, Prime Minister Yitzhak Shamir of Israel asked President Ronald Reagan to deny refugee status to Soviet Jews so they would go to Israel.

Israeli officials say the United States insults Israel when it grants refugee status to Soviet Jews holding Israeli visas. Most Jews leaving the Soviet Union have done so on Israeli visas; until recently, there was no alternative for those wishing to leave.

Until September 1988, Soviet Jews were almost automatically assumed to be refugees. Lawyers at the State and Justice Departments concluded last year that such an assumption was improper. They said that each Soviet applicant be interviewed to see if he or she could demonstrate "a well-founded fear of persecution."

Since September 1988, the United States has denied refugee status to 5,430 Soviet Jews, or 19 percent of the 28,767 who applied.

Glemp Reflects on Auschwitz Remarks

The Associated Press

ROME — *Following are comments made by Cardinal Jozef Glemp, the Roman Catholic primate of Poland, in Warsaw to Italian reporters, as reported by the Rome daily La Repubblica:*

Q: How will the matter of the Carmelite nuns in Auschwitz be resolved? Cardinal Macharski, whose diocese includes Auschwitz, has visited the pope in Rome. . . .

A: Oh, we will resolve it, we will resolve it. With patience. One needs to reflect a bit. There are some Jewish circles who have let themselves be carried away by nerves.

Q: In your opinion, what irked Jews the most in the words you spoke in Czestochowa?

A: Perhaps there are various points. They disliked that I said they have great influence on the mass media.

Q: And also that you said their demands concerning the Auschwitz Carmelite convent are excessive.

A: Yes, because it's a scandal to expel the nuns from the convent. What do we have to do? Put them in tents? Who do the nuns offend by praying next to the wall of the concentration camp?

The land they are on is land where Catholics — let's say Christians — were martyred. I don't understand why they should be transferred. Do you? Our people don't understand. The Jews should understand that devoting oneself to a life of prayer near the place were Christians were martyred doesn't offend their feelings.

Q: So you feel offended for having to move the Carmelite convent 500 meters (545 yards)?

A: Yes, this is offensive because it's an irrational gesture. Suppose I came to your house and said, "You have to move this wardrobe." You rightly would respond, "That's stupid — this is my property."

Q: But this accord on the transfer was signed in Geneva two years ago by eminent clergymen. . . .

A: No, by Cardinal Macharski and by a group of people who are not competent [in the matter].

Q: Weren't the cardinals of Paris and Lyon and Brussels there?

A: I want this accord to be renegotiated. It has to be done by competent people and not by just any cardinal who doesn't understand the things.

Q: Cardinal Macharski did not understand?

A: Cardinal Macharski didn't understand the situation of the people.

Q: What do we do now?

A: Everything needs to be renegotiated, with calm, with dialogue, the way I propose. It has to be re-examined, but by competent people. And the Poles can not be excluded.

Q: But was Cardinal Macharski, who negotiated, not a Pole?

A: Macharski alone? What do you mean? He represents only the church of Krakow. The problem is much more vast.

Q: So, you don't approve of what Cardinal Macharski did?

A: I can believe that Macharski signed because things were done a little too hastily.

Q: But this ecumenical center next to the Auschwitz camp — will that be built or not?

A: Do you know how much this center costs? Someone has made this commitment, but without money the center cannot be built. For now there is no money.

Q: In fact there is only a sign tha treads: "Here the center will be built." Isn't that a bit little, two years after the Geneva pact?

A: Our people, who are going through a severe economic crisis, cannot afford to build a center costing at least $2 million.

Q: But the Jews, for example the American ones, couldn't they help?

A: Yes, I think so. But first there is a need to re-establish a bit of calm.

Q: In order to re-establish calm, would you like to meet with the chief rabbi of Warsaw who, because of your remarks in Czestochowa, did not attend a Warsaw meeting for peace among religious leaders?

A: Oh, I am still his friend...

Q: He says you are not.

A: Then he has changed his mind. With him we must face all the diffcult issues that have been neglected so far.

BUSH: *Planned Peace Offensive Includes Accelerated Arms Diplomacy*

(Continued from page 1)

posal to implement this idea, officials said.

There is some sentiment in the White House and among high-level policy-makers elsewhere that Mr. Bush also should seek to break some of the logjams in the strategic arms reduction talks as well.

A number of critical issues remain unresolved concerning mobile missiles and sea-launched and air-launched cruise missiles as well as the space-based Strategic Defense Initiative and its relationship to the 1972 Anti-Ballistic Missile Treaty.

However, Mr. Bush has in the past expressed the view that the Reagan administration was moving too quickly toward a strategic arms accord, and officials cautioned that progress there may be slow.

On Tuesday Mr. Bush will launch into domestic issues with his first nationally televised address from the Oval Office, during which he will unveil his anti-drug abuse strategy. This is expected to add about $1 billion to spending for fighting narcotics trafficking and to serve as a call to arms against drug abuse.

Also this month, Mr. Bush will convene a national education "summit" in Charlottesville, Virginia, to be attended by the nation's governors. Andrew Card Jr., a deputy to the White House chief of staff, John H. Sununu, said the meeting is being planned as a "closed-door dialogue" between Mr. Bush and the governors on ways to improve education.

As with drug abuse, Mr. Card said, the president intends to carry forward the theme that federal spending alone is not the answer.

But Democrats have served notice they will try to raise questions about whether Mr. Bush is willing to pay for solving the problems he abhors, given his refusal to accept a tax increase and the persistent budget deficit.

Fiscal issues may come to dominate the political agenda in October, when battles are expected over raising the national debt ceiling and meeting targets for balancing the budget, and over several spending bills that the White House is eyeing for possible veto.

Earlier this year, Mr. Bush said he hoped negotiation with Congress would pave the way for compromise on the deficit issue. However, the prospects for negotiation on a long-term deficit solution appear to have waned in recent months.

AFGHAN: *U.S. Shifts Aid Tactics*

(Continued from page 1)

ons are transported from warehouses run by the Pakistani military to the battlefields in Afghanistan.

Under the new system, the Pakistani Inter-Services Intelligence directorate will remain in a position to direct supplies to commanders it favors, the analyst said, a phenomenon that critics of the earlier system have said contributed to guerrilla infighting and the prominence of Mr. Hekmatyar.

The better-organized parties, notably Mr. Hekmatyar's, have stockpiled weapons from past shipments, rebel leaders and Western diplomats said. Fundamentalist parties, including Mr. Hekmatyar's, receive funds from Libya and private sources in Saudi Arabia, diplomats said, and the U.S. and Pakistani shift is unlikely to affect such patronage.

■ CIA Chief Removed

David B. Ottaway of The Washington Post reported from Washington:

The Central Intelligence Agency has removed the head of its Afghan Task Force following congressional criticism of the handling of the huge covert arms program for the Afghan resistance since the Soviet withdrawal in February, according to sources.

The CIA director, William H. Webster, decided to remove the official after legislators who are strong supporters of the Afghan resistance confronted the administration this summer over reports that the Afghan rebels were suffering an acute arms shortage.

Mr. Webster promised the critics that the agency would do a better job of getting arms to the mujahidin, and congressional sources said last week that large quantities of arms recently have reached Pakistan for the resistance.

The removed official was formerly the agency's national intelligence officer for the Middle East, an analytical job, and had little experience in the CIA operations division responsible for purchasing and shipping arms, according to his critics.

The shortages, which became critical early this summer, occurred while the Soviet Union was carrying out a large airlift of arms to Kabul — estimated at $1.4 billion worth during the first six months of this year — to bolster the besieged government.

This figure is more than twice the largest amount the United States sent to the Afghan resistance in any one year of the 10-year conflict. The U.S. covert arms program peaked at slightly more than $600 million annually in the 1986-88 period.

KREMLIN: *Tough on Autonomy*

(Continued from page 1)

ed at a Communist Party plenum Monday.

In Estonia, the local party met Friday to replace two conservative leaders with reformers; it said it was seeking a more independent profile that would end the local party's role as a "rubber stamp" for Moscow.

Unrest continued elsewhere, especially in Moldavia, where a new language law failed to satisfy either its advocates, the Moldavian Popular Front, or thousands of Russians and Ukrainians who have gone on strike in protest.

In the Azerbaijani capital of Baku on Saturday, 100,000 people heard calls for a general strike Monday to back demands for more autonomy and control of the disputed enclave of Nagorno-Karabakh.

Nagorno-Karabakh "is nearing civil war," said Arkadi Volsky, the chairman of a special Kremlin committee set up to administer the autonomous region.

Mr. Volsky told Sunday's edition of Krasnaya Zvesda, the army newspaper, that ethnic clashes between Armenians and Azerbaijanis had turned the Caucasus enclave into a "powder keg."

In the Ukraine, crowds gathered in five cities Saturday to protest a proposed election law they said was undemocratic.

Any Kremlin crackdown, political or otherwise, is said to depend largely on Mikhail S. Gorbachev. The Soviet president is reported to be still on vacation; he has issued no recent statements on the matter.

A Soviet spokesman insisted that Mr. Gorbachev approved the Aug. 26 Central Committee warning to the Baltic republics, and Mr. Ligachev dismissed as "gossip" speculation that Mr. Gorbachev had not worked on the document.

The only other sign of Mr. Gorbachev's sentiments came from Mr. Brazauskas, the Lithuanian, who said the Soviet leader had given him a very tough warning against separatism in two telephone calls at the end of August following mass rallies in the Baltic republics.

"He underlined it several times," Mr. Brazauskas said to the Sajudis newspaper Atgimimas. "No republic will leave the Soviet Union, but within the federation the republics can have everything."

In Pravda on Sunday, the veteran commentator Yuri Zhukov said the Western media were encouraging anti-Moscow feeling in the once independent republics.

"More and more frequently," he said, "programs of the BBC, Deutsche Welle and Voice of America carry ill-conceived promptings and reasonings in favor of the Baltic republics' withdrawal from the Soviet Union.

"With astonishing flippancy," he added, "they go as far as to incite armed struggle."

POLAND: *An Agreement Nears*

(Continued from page 1)

these decisions were threads in a larger fabric that could unravel before talks to form Poland's first postwar cabinet not dominated by Communists were concluded.

Solidarity, which was outlawed by the Communist government until four months ago, is about to assume government leadership following the election last month of one of its leaders, Mr. Mazowiecki, to be prime minister. Bronislaw Geremek, the Solidarity floor leader in parliament, has said Solidarity would seek to have a cabinet assembled and ready for parliamentary approval "within the first ten days of September."

In the power shift, the Communists have insisted that they deserve to retain more than the two critical posts of the Defense and Interior Ministries already promised them.

Solidarity is under continued pressure from rank and file not to yield to Communist demands. Sunday afternoon, several hundred protesters braved chill rainy weather in central Warsaw to demonstrate for the withdrawal of Soviet troops from Poland.

In a measure of the newfound liberality here, the police, who in previous years regularly broke up such marches, did not intervene.

Even as discussion over a cabinet continued, Solidarity negotiators appeared to follow the principle that gaining control of the whole mechanics of administration, and not just cabinet seats, was decisive.

Thus, the talks appeared to focus increasingly on such issues as how to break the undiminished Communist propaganda monopoly on national television, the relations of key ministries, such as Foreign Affairs, to the Communist Party Central Committee, and the future role of the office of President Wojciech Jaruzelski, which Solidarity fears is quickly emerging as a substitute for the Central Committee in exerting Communist control.

The television director, for example, pledged Thursday that Communist loyalists within the network, including labor union organizers, would fight for every inch of influence.

The director, Jerzy Urban, who though not a Communist Party member is intensely loyal to the Communists, accused Solidarity of seeking to replace the Communist monopoly with one of its own.

At the same time, Solidarity has protested at the number of positions being budgeted for General Jaruzelski's own administration, akin to a White House staff, which has reached about 420. Under the arrangements agreed by Solidarity and the Communists last April that produced the present developments, the president bears ultimate responsibility for domestic and foreign security and the conduct of foreign affairs. But Solidarity officials fear the Communist-controlled presidential office will emerge as a bastion of policy-making at cross purposes with the government.

In talks with Solidarity, officials in General Jaruzelski's office have argued the need for Communist ministers for the portfolios closest to their area of competence, arguing this was necessary to assure maximum cooperation.

Solidarity, however, contends the Foreign Ministry provides an example of how policies of its cabinet could be undermined, and says foreign policy must be subject to broader influence than just that of the Communists.

A report prepared by the national Academy of Social Sciences, and presented to Solidarity's parliamentary caucus, revealed a pipeline of reliable contacts between the ministry and the party Central Committee, which now appears likely to be replaced by the president's office.

The Central Committee first secretary and its director for foreign affairs are members, ex-officio, of the Foreign Ministry directorate, according to the report. Moreover, the head of the ministry's press and information office is named by the Central Committee, and all department directors are Communist Party members.

To resolve the deadlock over television, several proposals appear to have been floated. One is to divide the two national channels, giving one to the Communists and the other to Solidarity.

CONVENT: *Glemp Is Defied*

(Continued from page 1)

sponsible and that the Polish conference of bishops, on March 9, 1989, had committed itself in turn by giving its support to the realization of this accord."

Speaking for the vocal and powerful French Jewish community of about 700,000 people — the second largest outside Israel and the Communist bloc after the U.S. Jewish community — Mr. Klein, now vice chairman of the European Jewish Congress, said: "I don't see how any Jewish authority would accept to renegotiate this accord" with Cardinal Glemp.

While the issue has escalated into a major clash within the Roman Catholic Church and between the church and Jewish communities, many in France are calling upon the pope to speak out. Pope John Paul II, a former leader of the church in Poland, has been all but silent on the controversy.

French public opinion has been divided, perhaps reflecting fear of reopening an agonizing debate over the issue of latent anti-semitism in France. French television, magazines and newspapers have been treating the controversy as the leading news item.

Undercover Troops Kill Assassin in Belfast Trap

Compiled by Our Staff From Dispatches

BELFAST — British undercover soldiers shot to death a Protestant extremist in Northern Ireland on Saturday minutes after he and another gunman killed a Roman Catholic, security sources said.

The shootings were in the Roman Catholic Ardoyne area of Belfast, which has seen regular random attacks by Protestant gunmen.

Residents said the man killed by the army was believed to be a member of the outlawed Ulster Volunteer Force. His accomplice, who was wounded in a burst of automatic gunfire, was taken to hospital under armed guard.

The dead Roman Catholic was Patrick McKenna, 38, who was shot at a fruit shop where he worked.

Republican sources denied that Mr. McKenna had any connection with the Irish Republican Army.

Meanwhile, in Münster, West Germany, IRA gunmen drove up to a British military housing complex, asked two soldiers for directions and then opened fire on them, wounding both, police said Saturday. The IRA claimed reponsibility in a statement made by telephone to a news agency in Dublin.

Police in Münster, about 180 kilometers (110 miles) north of Bonn, said one soldier was in critical condition and the other was seriously wounded.

The shooting was the fourth attack on a British military facility in West Germany since June. In earlier attacks this summer, one soldier was killed in Hannover, and two car bombs exploded at British military housing.

Pete Brown, a spokesman for the British Rhine Army, said the soldiers, who are from the Manchester area, belong to the 14th-20th King's Hussars. He said he could not release their identities for security reasons. *(Reuters and AP)*

EYE: *Crowding the Skies With New Satellite Spying*

(Continued from page 1)

the United States and the Soviet Union, arguing that without that ability, Europeans can be "manipulated politically."

"These satellites have a dark side," Michael Krepon, a space reconnaissance expert, wrote recently in Foreign Policy. "They can assist countries in attacking neighboring and even distant states."

Some analysts say the trend could upset old spheres of influence shaped by the fact that nations with spy satellites have often shared space photographs with allies to win loyalty and influence behavior.

"The proliferation of national observation satellites could indirectly affect the superpowers by reinforcing tendencies toward greater independence among the European states, thereby complicating alliance management," Hugh De Santis, a senior staff member of Rand Corp. in Santa Monica, California, wrote in the summer issue of The Washington Quarterly.

Admiral Stansfield Turner, director of central intelligence under President Jimmy Carter, said in an interview that America should lead the trend, not fight it.

"Openness in the world is going to be unavoidable," he said. "We need to adapt before it arrives." One way, he said, would be for the United States to share some of its spy satellite photographs through an "open skies" agency that would warn governments of attack, rapidly determine the extent of natural disasters, and provide development support by such means as helping to chart roads in rugged terrain.

Panda Cub Dies In U.S. Capital

The Associated Press

WASHINGTON — The latest cub born to the giant panda Ling-Ling died from complications caused by infections received from its mother, a National Zoo spokesman said Sunday.

All four of Ling-Ling's previous cubs have died. Had this one survived, it would have been the first successfully bred in the United States. Ling-Ling was known to have urinary and reproductive tract infections, the spokesman said.

The cub, born Friday and found dead early Sunday, was believed to have contracted the infections either in the womb or shortly after delivery.

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Panda Cub Dies In U.S. Capital

The Associated Press

WASHINGTON — The latest cub born to the giant panda Ling-Ling died from complications caused by infections received from its mother, a National Zoo spokesman said Sunday.

All four of Ling-Ling's previous cubs have died. Had this one survived, it would have been the first successfully bred in the United States. Ling-Ling was known to have urinary and reproductive tract infections, the spokesman said.

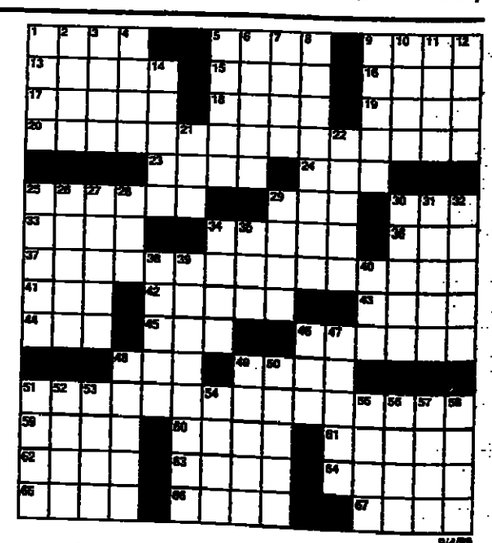
The cub, born Friday and found dead early Sunday, was believed to have contracted the infections either in the womb or shortly after delivery.

ACROSS

1 Partner of comes
5 "The Red"
9 "Let —— eat cake"
13 Give forth
15 Words to Nanette
16 Kind of chest
17 Distort a report
18 Smirch
19 One of five bodies of water
20 Hard problem
23 Rams' mates
24 Fish delicacy
25 State
29 "Eadie —— a Lady"
30 Cardplayers' kitty
33 Lunkheads
34 A deadly sin
36 Jackie's second
37 Phrase for a narrow miss
41 Air, in compounds
42 Partner of penates
43 Historical fact
44 Time in L.A.
45 Dutch city
48 Partner of sticks
48 Friend, in France
49 Woodwind
51 Hardly ever
59 Ocho ——, Jamaican port
60 Song for Sutherland
61 W W I battle scene
62 Within: Comb. form
63 Roscoes
64 Photocopies
65 Come out slowly
66 In addition
67 Opening for coins

DOWN

1 Central idea
2 Formerly Christiania
3 He sold his birthright
4 "... sweetest songs yet remain to be ——": Whitman
5 Follow quickly
6 Turnips, e.g.
7 Monogram pt.
8 Garden of the Gods site
9 Partner of here
10 Sixty minutes, in Spain
11 Of grand proportions
12 Unassuming
14 The clear sky
21 A part of Can.
22 Word used in trig.
25 Org. for Cahn, Kahn et al.
26 Entertainer Soupy
27 Big spender
28 Sigmoid letter
29 Triumphs
30 Heathen
31 Use a soapbox
32 Radials
34 Unadulterated
35 Hwy.
38 Varnish ... ingredient
39 Banter
40 Half a Broadway title
46 Old French coin
47 Is in abundance
48 Fabulist
49 R.I.P. notices
50 Pleasure-weary
51 Mine products
52 Mets or Cubs
53 Morse, for one
54 Soviet sea
56 Gym gear
56 Type of test
57 Aware of
58 Snug place



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Solution to Friday's Puzzle

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J	E	S	T		S	S	T	S		R	E	E	S	E

BUSINESS HOTELS ★★★★★★

Capturing Market Share Means Fierce Competition

ALMOST EVERY major international hotel group worth its corporate logo is targeting the business traveler as a prime customer these days, and it is not difficult to understand why.

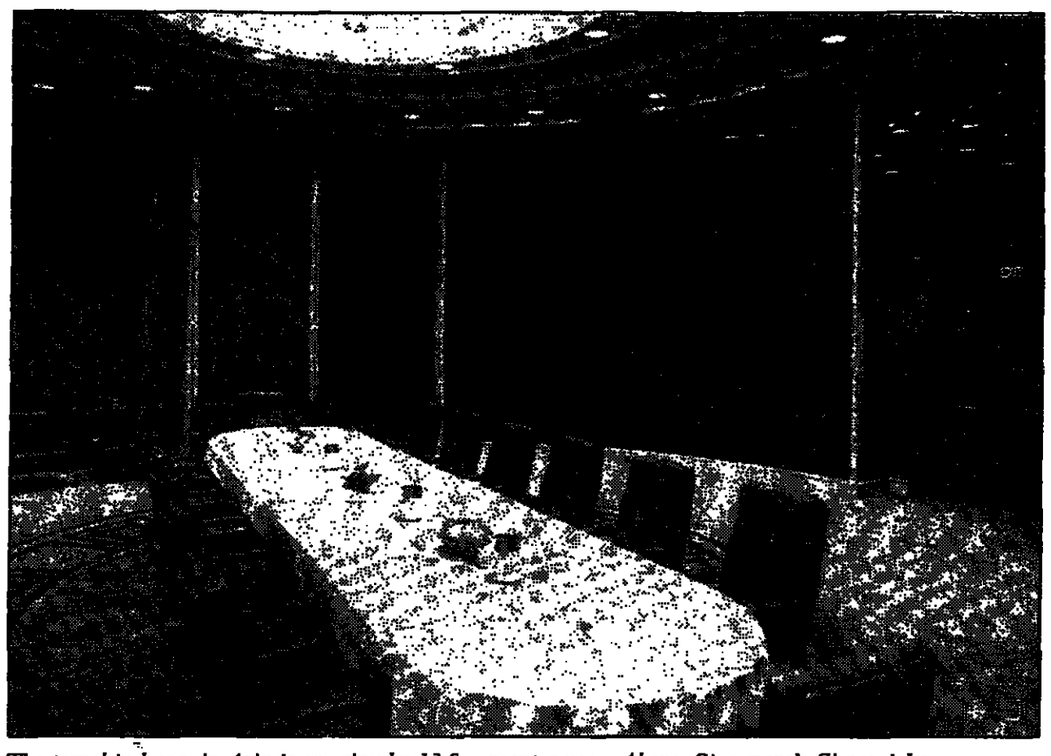
If you take the average member of the Hong Kong-based international Frequent Business Travellers Club (FBTC), for example, you come up with a customer profile that would have most hotel managers personally rolling the red carpet down the front steps. FBTC members have an average annual salary of $80,000. They take up to 16 airline trips a year on business, and stay up to 105 nights a year in hotels. They spend up to $32,397 a year on business travel, and nearly $8,000 in lying around hotel pools on vacation, hoping the phone won't ring.

Business travelers are the high rollers of the world travel industry, contributing to a frequent-travel market estimated to be worth as much as $340 billion. And in the world's three main travel markets, — the United States, Europe and the Asia-Pacific region — hotel groups are feverishly repositioning, expanding and switching their marketing strategies in order to grab a share of the action.

Hotel groups are going all out to attract businessmen

There have been some remarkable takeover deals in the race to dominate the business-travel market. Last November, Marco Polo International was a modest, newly formed group challenging the major chains of the Asia-Pacific region with only three hotels in Hong Kong and one in Singapore. In a surprise turnabout that shook the industry, the company's parent corporation, World International (Holdings), this year purchased the U.S.-based Omni Hotels group and its 39 stateside properties, including the distinctive Omni Berkshire Place in New York, Omni Shoreham in Washington, Omni Royal in New Orleans and Omni International in St. Louis.

Marco Polo International is now Omni Hotels Asia-Pacific, with plans to boost its U.S. properties to more than 60. Its global presence will include Europe and a number of prime downtown locations in cities throughout Asia and the Pacific. And it has a global marketing strategy. Under its parent entity, Omni Hotels International, it is, according to its managers, "concentrating on expanding a luxury brand [of hotels] catering primarily for the frequent business traveler whose expectations demand a consistent and high level of quality."



The travel industry in Asia is growing by 13.8 percent a year. Above, Singapore's Shangri-La.

In an even more spectacular case of the tail eating the tiger, New World Hotels, another relatively small operator with a stake in eight properties in Hong Kong and management contracts with eight more in China, has bought 60 percent of the huge Ramada group for $324

Continued on Page 8

World's Best Luxury Hotels Mix Business with Pleasure

CALVIN COOLIDGE'S adage that "the business of America is business" ignored one vital fact: business is best conducted with more than a modicum of pleasure.

One of the easiest ways of accomplishing that is by choosing a hotel that combines efficiency with enjoyable amenities. But doing so is a challenge even for the most savvy business traveler. Though most hotels realize that business travelers rank among their most valuable clientele, few have been able to see to these travelers' very specific needs without sacrificing charm. Happily, there are a few such choice spots that succeed like nobody's business.

In Europe, one of the most pleasurable of such places is Brenner's Park-Hotel in the famous spa town of Baden-Baden, West Germany. Conveniently located for business travelers in West Germany, France and Switzerland, it contains conference facilities for groups ranging

How to facilitate business without sacrificing charm

from 10 to 200 people in its fairytale park setting.

In more urban surroundings is the Hotel Royal Monceau, Paris. Located just off the Champs-Elysées, the hotel is within easy reach of the center of Paris as well as the city's new business district, La Défense. It is also the only luxury hotel in Paris to offer an indoor fitness club, swimming pool and Turkish bath—increasingly indispensable for the business traveler.

Those who prefer taking their recreation outdoors will want to head for sunny Spain, where the Hotel Torrequebrada, the largest deluxe hotel complex on the glamorous Costa del Sol, boasts conference facilities for 2,000, along with soft sands and an 18-hole golf course.

Across the Strait of Gibraltar is the Hotel La Mamounia in Marrakech, Morocco, which has access to its own 18-hole golf course in addition to the facilities housed in its Moorish-style building. Farther inland on the African continent, the Norfolk Hotel in Nairobi, Kenya provides guests with conference facilities in a civilized, turn-of-the-century setting in the center of town, with a heated pool and access to sports facilities and safaris.

On the other side of the Atlantic, the Carlyle Hotel, the only five-star hotel in New York City, offers special services for business clientele. Along with its clerical and secretarial services, translators and a library of international newspapers and business publications, the Carlyle now has faxes in all rooms.

A European-style counterpart on the West Coast is the Beverly Pavilion Hotel in Beverly Hills, California. A sister hotel to the chic Beverly Rodeo, the Pavilion offers a full range of extras for the business traveler, including limousine service within the greater Beverly Hills area, fax and telex machines, and conference facilities.

Latin America still occupies a prominent place on many business travelers' agendas. One of its most established resort hotels is the Acapulco Princess on Mexico's west coast, with meeting facilities for 1,800 and a selection of restaurants, a championship golf course, tennis facilities and swim-up bars.

The newest and largest resort in South America is Hotel Transamerica Ilheus in Bahia, Brazil, opening this month on a tropical island filled with thousands of coconut palms. In addition to conference facilities for ever 1,000 people, the Transamerica has numerous rooms, bun-

Continued on Page 9

The Century Hyatt in Tokyo.

High-Tech Tourism For Executives

From international teleconferencing via satellite hookups to meeting rooms equipped with antibugging devices, high-tech facilities for business travelers have come a long way since the days when car telephones were the latest tools for executives on the move.

Since many recent communications innovations have been developed by the Japanese, it is appropriate that this small, efficiency-loving country is becoming known for its superior high-tech facilities for business travelers.

Tokyo's New Otani Hotel, site of two Tokyo summit meetings, has — on the first floor alone — three fully equipped and totally convertible multipurpose meeting rooms totaling nearly 53,000 square feet (5,000 square meters). A conference, party or other activity in any or all of them can be monitored from any other room over a 34-channel internal cable TV network.

The Shin Takanawa Prince's Hiten Room, which can handle gatherings of 2,000, has six-language simultaneous interpreting facilities, 100 button microphones, a special telephone system, slide and video projectors, a colorama unit and a hydraulic stage.

Hyatt's first hotel in Japan, the Century Hyatt in Tokyo, offers some 23 meeting rooms that can serve as anything from private dining rooms to international conference seminars. From the hotel's seven-story-high atrium to its "penthouse" swimming pool, the traveler coming from the Hyatt in San Francisco or Hong Kong can feel right

Continued on Page 8

New Conference Centers in U.S.

Among the newest U.S. conference centers — all offering lodging, fitness and sports facilities — are several located outside smaller cities rather than near major metropolitan areas.

Some of the centers are affiliated with universities. Bryant Conference Center in Tuscaloosa, Alabama, affiliated with the University of Alabama, offers lodging at the nearby Sheraton Capstone Inn. The Center for Executive Education at Babson in Wellesley, Massachusetts is linked to Babson College, where a private health club is available to conference-goers. The Georgetown University Conference Center in Washington, D.C. offers various facilities near this urban university. The Statler Hotel J. Willard Marriott Executive Education Center is on the extensive campus of Cornell University.

Many conference centers not linked to educational institutions opened during 1989. Among

Continued on Page 9

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Vacations as Rewards: Incentive Travel Booming

The leading salespeople for Legal and General Assurance Society, a British insurance company, are looking forward at the end of the year to a little something that will not be in their paychecks: a company-paid week-long cruise in the Caribbean. Legal and General believes this "incentive travel" program for its top sales employees is well worth its $1.7 million price tag.

Michael Kidner, director of Legal and General's sales force, says the company-sponsored trips reward hard work and success, promote company loyalty and allow staffers to swap successful techniques with other top sellers. The trips also give them a chance to mingle with corporate executives in informal yet valuable planning and motivational sessions.

"Trips like this give us an opportunity to demonstrate to [the salespeople] the Legal and General style and what we stand for, as well as to talk about our plans for the forthcoming year," Mr. Kidner says. "The trip makes them feel part of an exclusive club and gives them the cross-fertilization of ideas."

The key to success is a memorable trip

Legal and General is one of many major corporations all over the world that are creating a boom in incentive travel, the niche of the travel industry in which companies reward their employees with trips and special events, sometimes combined with meetings or conferences.

And not only big companies are involved in incentive travel. The Brooklyn Brewery, a New-York-based microbrewery with half a dozen salespeople, is planning to reward them with occasional company-paid trips to London, where they will spend at least part of their time making calls on existing or potential customers for their premium export beer, Brooklyn Lager.

"The main bulk of incentive travel is still to promote sales teams," says Sydney Paulden, publisher of Incentive Travel, a United-Kingdom-based magazine. "But there are now techniques for motivating other types of employees. For example, you can reduce absenteeism by offering travel rewards for people who have good attendance. You can even reduce the number of accidents that fleet drivers have by giving them a bonus or travel award."

Mr. Paulden says that in Britain alone the incentive travel business is growing at a rate of 25 percent a year and that corporate spending on incentive travel adds up to around $2.2 billion per year. "Companies spend, on average, between 700 pounds (about $1,150) and 1,000 pounds per head for trips within Europe and 1,500 pounds for destinations beyond Europe," he says, adding, "We see Britain as the number-two market after the United States and by far bigger than other countries in Europe as a whole. We tend to be influenced by the techniques used in the States more than by any other country. In the past the techniques that work in the States have often been introduced into the United Kingdom by subsidiaries of American companies."

As an example, he cites the woodlands "battle" games that were first popular as competitions among U.S. financial institutions. These skirmish games, during which two teams do battle with each other using paint pellet guns, have been increasingly popular in the U.K., but now, he says, "they are more glamorous. Instead of going to a field in the English countryside to do battle for the day, you go to Spain to do battle for the weekend."

The key to successful incentive travel, Mr. Paulden says, is to give executives something memorable but still have them back in the office ready to work hard on Monday or Tuesday morning. On one trip, executives fly to Vancouver, Canada and the next day fly by helicopter to a glacier where butlers serve them lunch under a tent. "To motivate the really big people, you've really got to offer them something more than they could buy for themselves. Dinner and a briefcase they can buy. If it's a trip set up especially for them, then that's different," Mr. Paulden says. He predicts that many companies will rely on charter flights. "Chartered air cruising is set to be one of the highlights for the future. Using that, you can take them to unique destinations and use the minimum time with the maximum impact."

Unusual travel experiences are the key feature of most incentive trips. Alison Moxon, managing director of Travel for Industry, a leading British incentive-travel agency, says, "Now company managers are much more aware that you don't have to go a long way. You don't have to take employees somewhere and do the tourist things. You have to take them somewhere and provide them with something extraordinary that they couldn't buy or couldn't get any other way. Her examples are private invitations to a formal dinner in a château in the north of France or a Concorde flight to Moscow to see the Bolshoi ballet.

The boom in incentive travel has drawn not only specialist travel agencies into the niche, but also airlines and hotels. Air Europe, for instance, launched an incentive travel department earlier this year that organizes personalized programs for small- and medium-size companies through the airline's short-haul, scheduled routes. "It's a rapidly expanding market in the U.K. and in Europe," Pauline Kirkman, an Air Europe spokeswoman, says. "We have recognized the fact that a conference planner may have organized the perfect event, the perfect food and the perfect entertainment. But the group's first and last point of contact and memories of the trip will begin with the flight out and the flight back. We want to make sure that goes smoothly."

Hilton International Hotels, whose clients are 80 percent business travelers, have produced a special incentive-travel brochure featuring 46 of the chain's 140 hotels. "It serves as a quick reference guide to Hiltons," says David Michels, the senior marketing vice president who sends the brochure to both incentive travel agencies and corporations themselves. "We recognize that 95 percent of incentive travel groups don't repeat the destination the following year, and our worldwide selection of four-star and five-star hotels is used to whet the incentive planners' appetites."

Mr. Michels says the popularity of incentive travel is expanding rapidly. "In Europe, the Italians are going strong in the market, and the French are beginning to take advantage of the concept. It's largely thanks to the international companies who are based around the world; they are producing incentives for their own companies, and then the local companies try to compete," he points out.

Tim Harper

Capturing Market Share Means Fierce Competition

Continued from Page 7

million. The deal gives New World another 825 hotels and 144,000 rooms, most of them in the United States and most geared toward the frequent travel market. Outside the Asia-Pacific region, Scandinavian Airlines System (SAS) and The Saison Group of Japan have agreed on a $500 million shared stake in Inter-Continental Hotels in what SAS sees as "a major advance toward [a] total travel service — to make it easier for the frequent business traveler to do good business."

Among the established chains, Hyatt and Sheraton are also plugging into business travel, and not only with their hotels but their resorts as well. Hyatt International, opening its deluxe flagship, the Grand Hyatt, in Hong Kong this fall, sees the business traveler as someone who is going to bring spouse and kids back on vacation next year.

Hyatt's North Asia marketing manager, David Llewellyn, says: "These are the guys and girls you can also count on in a resort. If they are satisfied in the hotel when they are on business, they will stick with Hyatt when it comes to their annual vacation. In marketing our resorts, we are also going after key business people." Hyatt has gone one step beyond that by setting up a resort on Australia's Barrier Reef exclusively to "treat" executive burnouts.

At the $130 million Hyatt Regency Coolum, set in a tropical rain forest on a beach on the Sunshine Coast, guests are offered a mineral spa and health management center, professional stress evaluation, massage, dietary treatment, beauty care and recreation ranging from golf and tennis to solitary bush-walking and painting classes. And for those who cannot cut the executive umbilical, the Advanced Management Centre provides management seminars, business and secretarial services and teleconferencing facilities.

The business-resort syndrome is seen as having so much potential, especially in the more exotic Pacific region, that even sybaritic Club Méditerranée has moved in on the business-travel market. This fall, Club Med is not only promoting the fun and games and recreational amenities of its resorts — it is also inviting corporations to come and do business with pleasure, staging their incentive and convention functions amid its pools, tennis courts, golf courses and beaches.

Outside the major hotel chains, smaller groups and even individual hotels have been forced to update their business services to compete for the corporate traveler. The Jianguo Hotel in Beijing, which was the first joint-venture hotel established there and enjoyed maximum occupancy during its first six years, recently underwent a complete renovation in which 411 of its rooms were remodeled as virtual live-in offices, with executive desks, computer worktops, filing drawers and standup bars.

Other hotels have had to be quick on their feet with new business services and gadgets. The Kowloon Hotel in Hong Kong is among the first regional properties to offer computer terminals in all rooms. The new five-star Palace Hotel in Beijing provides modems for computer link-up with the office back home. The Grand Hyatt and New World Harbour View hotels, sharing Hong Kong's new $280 million Convention and Exhibition Centre, have signed a $1.7 million contract with Rediffusion (Hong Kong) Ltd to provide room-to-room computer-TV systems on which the guest can actually punch up his or her hotel account to speed up the check-out process.

In fact, if there has been one distinctive revolution in hotel services in the past decade, it has been the realization that a telex machine and typewriter can no longer masquerade as a business center. No business-oriented hotel is now worth its name without special executive floors; computers; telefax facilities; courier, secretarial, translation, photocopying and audiovisual services; state-of-the-art communications; and a fitness and health center.

And hotel groups are now offering even more treats to lure the business traveler, such as Hyatt's Gold Passport, providing special corporate discounts, bonuses and upgrades free to qualifying frequent travelers.

Derek Maitland

High-Tech Tourism

Continued from Page 7

at home. Japan is so far the only nation where international color videoteleconferencing can be done at hotels. According to Japan-based International Video Communications, a firm that installs and manages the systems, hotels are the ideal places for the service because international conferences often must be conducted outside normal business hours. Videoconferencing allows the traveling executive to be comfortable while conferencing at any time.

Japan's high-tech business meeting capacity is expanding both throughout Japan and worldwide. International and regional hotel groups such as Hyatt and the Peninsula Group are coming to Japan; Japanese hotel systems like Japan Air Line's Nikko chain are expanding internationally; and such existing properties as the worldwide Inter-Continental system are coming under Japanese ownership. And where the Japanese are not themselves building or buying, others, like Marriott, are making Japanese exhibition and convention business an integral part of their marketing plans.

Japan-based Nikko has expanded throughout the Asia/Pacific region and beyond. The chain has hotels in Düsseldorf, London (The Montcalm), Paris, New York (Essex House), Chicago, San Francisco and Mexico City. Each city is part of JAL's worldwide route, and airline customers are entitled to a discount at the hotels.

Hotel Nikko San Francisco will have a new neighbor next month when the $310-million Marriott Hotel opens. Only a block from the Moscone Convention Center, where so many new Japanese products have been unveiled over the years, the hotel adds no less than 85,000 square feet of divisible meeting and exhibition space to the convention city. The Marriott's 21 self-contained conference suites, 98-room concierge level and Teppanyaki-style restaurant are sure to be popular with the thousands of Japanese executives who visit San Francisco every month.

Meanwhile, Japan's domestic hotel construction is exploding nationwide, with several new 500-room hotels appearing every month. Multipurpose meeting facilities are an intrinsic design element of the new hotels. To stay competitive, most existing facilities are upgrading, including the Imperial Hotel (Tokyo), whose 28,000-square-foot Peacock Room is to be one of the best conference centers in town.

Sage Ballard

Business Hotel Opens in Moscow

The renovation of Moscow's Savoy Hotel, on a quiet side street near the Bolshoi, promises to bring the first true Western-style business travelers' hotel to the Soviet Union.

The Savoy, reopening this month, has been restored according to its original 1914 blueprint, but a lot has been added.

The business center offers secretarial help, translation services, photocopiers, telefax machines, telexes, personal computers and direct-dial telephone lines to the West.

Off the elaborately refurbished lobby — full of marble, parquet, gilt and classical statues — is an Edwardian-style bar, an elegant 100-seat restaurant and the only casino in Russia. Each of the 83 rooms is decorated differently, but most have desks or working tables, and all have refrigerators, mini-bars, trouser presses, telephones in the bathroom and color TVs showing first-run Western movies and Cable News Network. Same-day laundry and dry cleaning is available.

Room rates vary from 115 rubles (about $190 at the official exchange rate) for a single to 350 rubles per night for a two-bedroom suite. Since the 11-million-ruble refurbishing is a joint venture between Intourist and FinnAir, virtually the only way to reserve a room at the Savoy is through FinnAir, as part of a package that includes flights to and from New York, Los Angeles, London or elsewhere.

Because of the Intourist connection, however, a reservation confirmation from the Savoy, when presented to a Soviet embassy or consulate, automatically qualifies a traveler for a Soviet visa.

T.H.

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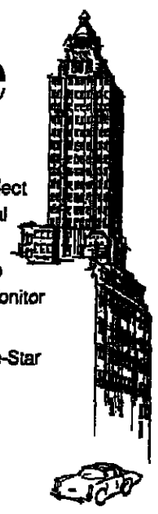


On-the-Go Computing: Software for Travelers

A computer industry best-seller these days is ultra-light laptops, good news for the traveler who prefers getting a workout in hotel health facilities rather than by hauling hardware on board business class.

The new computers have sparked demand for new software geared to business travelers. Fortunately, most manufacturers have been more than obliging by providing practical programs.

Late in the summer, Claris Corporation came out with an update on its SmartForm series for Apple Macintosh personal computer users. SmartForm Designer 1.1 ($399) creates a wide range of business forms (including artwork), and SmartForm Assistant 1.1 ($49) distributes them. So far, the 3M Corporation of St. Paul, Minnesota, has used the software on some 8,000 forms.

In August this year, WordPerfect came out with PlanPerfect 5.0

New programs make life on the road easier

($495), a feature-rich spreadsheet that imports and exports the WordPerfect 5.0 format as well as the other popular formats of dBase II/III and Lotus 1-2-3. Lotus introduced this summer its 1-2-3 Release 3 spreadsheet ($595) for DOS and OS/2 systems, and 1-2-3 Release 2.2 ($495) for personal computers working with 640K DOS. Both programs will be available in French, German, Italian, Swedish, Spanish, Dutch, Portuguese and Danish later in the year.

Microsoft Word has just released its 5.0 ($450) version for IBM and compatibles running the MS-DOS or MS-OS/2 operating systems. Earlier in the year it released its 4.0 version for Macintosh users. Microsoft is already the leading word processor in France and Germany, and 5.0 is now being localized for the Spanish, French German, Dutch, Swedish, Portuguese, Italian and French-Canadian markets.

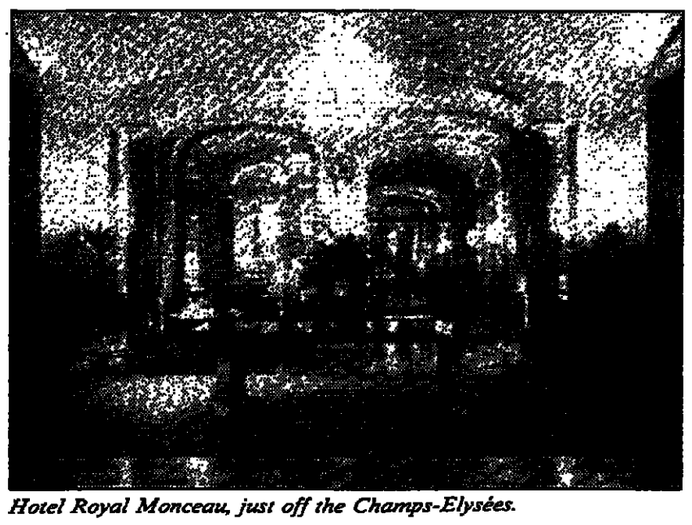
The Microsoft Corporation has come up with a package called the Microsoft Office CD-ROM version, which includes a number of standard business-application software programs as well as a European-language version of the Microlytics, Inc. program Word Finder, an electronic thesaurus that checks words from both French and Spanish and allows users to switch easily among French, Spanish and English.

In addition to software, many portable printers new on the market may be of interest to the business traveler. The Anonix Thinwrite 1000 ($499), which weighs in at only 6.9 pounds (3 kilograms), is hefty enough to double as a desktop printer. Its batteries last about two hours and are equally sturdy, since the recharging unit may remain plugged into them indefinitely with no ill effects.

The Diconix 150 Plus ($519), quieter and lighter at 3.1 pounds, also has a shorter battery duration at just under an hour. Toshiba has introduced two models, the Expresswriter 301 ($489), which weighs 4 pounds and delivers an hour of juice on its batteries, and the Expresswriter 311 ($589), which lasts a little longer and weighs a lot more at 11 pounds, but like the Anonix would also work well in an office.

Those who would like to send their data directly by computer should look into the new Nissei Fax-305 PC ($1,599). Connected to a laptop (or a desktop) through a serial port, it can send computer-generated files from any public or cellular phone to a fax machine.

Dwight V. Gast



Hotel Royal Monceau, just off the Champs-Elysées.

World's Best Luxury Hotels

Continued from Page 7

galows and recreational activities on lavish grounds designed by the firm of Edward D. Stone, Jr. (which was responsible for landscaping Disney World), as well as boating and fishing facilities.

Heading toward the Orient, the business traveler finds a number of pearls. One of the brightest is Hilton Hawaiian Village in Honolulu. Besides some 2,500 guest rooms, conference facilities, and a number of restaurants, fitness and sports facilities, the hotel offers cruises aboard its own catamaran.

Special rates recently went into effect at two of the most time-honored hotels in Asia, the Manila Hotel, famous as General Douglas MacArthur's lavish residence during World War II, and the Mandarin Oriental in Hong Kong.

Already steeped in literary and luxurious tradition, the Oriental in Bangkok also recently began offering special packages for business travelers, who will certainly appreciate the reopening of its Oriental Suite. Now refurbished in a style evoking the era of colonial mansions and palaces, it overlooks the Chao Phya River from its privileged penthouse position. On another Asian waterfront is the Taj Mahal Hotel in Bombay, India, whose large selection of meeting and banquet rooms rivals its overnight accommodations and restaurants in splendor worthy of a maharaja.

Finally, business travelers who prefer more intimate and inexpensive accommodations can take adavantage of Aaah! Bed and Breakfast. The service books private apartments with or without hosts in New York City, London and Paris, and works out to be about half the cost of a hotel room. Now *that* would appeal to Calvin Coolidge.

Dwight V. Gast

Europe's Conference Facilities Expanding

Many European hotels are being built or renovated to include new in-house conference facilities or to take advantage of nearby independent conference centers and halls.

Hilton International recently opened its 487-room Hilton International in Munich, West Germany, next door to the Gasteig Kulture Zentrum, a cultural theater with seating for 7,200.

Hyatt Regency has opened a 5-star, 307-room hotel in Cologne, West Germany, next to the Messe, the city's major exhibition and convention hall. Hyatt Regency is also opening a 350-room hotel next year in Birmingham, England. The hotel will be linked by skywalk to Birmingham's International Convention Center, Europe's largest convention hall project, which is to open in 1991.

The Forum Hotel in Glasgow will open later this year with 285 rooms adjacent to the 10,000-person-capacity Scottish Exhibition and Conference Center. Sheraton Hotels is building its new Slaley Hall Sheraton around an Edwardian mansion 20 miles (32.2 kilometers) west of Newcastle, England. Opening in the summer of 1990, it will be a 140-room hotel with conference facilities for 300.

The Meridien hotel group is also expanding services for the business traveler. The Meridien Limasol opened in Cyprus on May 20 with 117 rooms, 14 suites and 57 villas. The five-star conference center has facilities for up to 500, and management hopes to capture some of the lucrative incentive travel business that comes to Cyprus in April and May and between September and November.

The 28-floor Meridien Montparnasse, located near the Gare Montparnasse in Paris, was refurbished in 1988 and reopened in February 1989. The 980-room, four-star deluxe hotel has conference center facilities for up to 5,000, with a convertible ballroom that can hold 3,000 people.

T.H.

The newly remodeled Meridien Montparnasse in Paris.

New U.S. Conference Centers

Continued from Page 7

them are the Hamilton Park Executive Conference Center in Florham Park, N.J. and the Westfields International Conference Center in Chantilly, Virginia, both of which opened in March; the Northland Inn and Executive Conference Center in Brooklyn Park, Minnesota, which opened in July; and the Evergreen Conference Center and Resort in Stone Mountain, Georgia, which opened in August.

The Kingsmill Resort and Conference Center in historic Williamsburg, Virginia opened in 1988. Two new centers operated by Scanticon are the Scanticon Minneapolis, which opened in September 1987, and the Scanticon Denver, which opened in January. **D.G.**

Sage Ballard is a freelance writer based in Tokyo.
Dwight V. Gast, when he is not traveling, lives in New York City.
Timothy Harper is a London-based journalist and lawyer.
Derek Maitland is the publisher and editor-in-chief of The Pacific Traveller.

Japan Decentralizing Conference Facilities

Bringing people together to solve common problems has long been a hallmark of Japan's decision-by-consensus culture. Now Japan seems intent on using its experience with meetings and high-tech communications to capture a major share of the lucrative international convention market.

No fewer than 25 Japanese cities have been tapped as international convention cities by the government. They range from large cities like Osaka, Nagoya and Yokohama to regional ones like Toyama, Sendai and Matsumoto to the new high-tech "brain cities" like Tsukuba and Kumamoto.

The capital's monopoly on international conferences is being threatened. Japan Convention Bureau figures show that of the 343 international conferences held in Japan in 1979, Tokyo hosted 215. Tokyo's share dropped to 205 in 1988 out of a Japan-wide total of 777.

Still, Tokyo intends to remain Japan's premier convention city. The Nippon Convention Center, opening this fall in the Makuhari region of Tokyo Bay, will be Japan's largest international exhibition and convention facility until 1995, when the Tokyo International Forum, double the Nippon's size with well over one million square feet (9.75 million square meters), opens in central Tokyo.

In other areas of Japan, Osaka is planning a centrally located International Conference Hall, to be completed by 1993, whose main hall will hold 3,000. The only permanent structure built for Nagoya's still-running Design Expo '89 was the theme pavilion, which will serve the city as a convention hall for up to 3,000 people. Hiroshima's International Conference Center, with a main hall that seats 1,500, opened in July in Peace Memorial Park. And the Pacifico Conference Plaza Yokohama will open in 1991.

Sage Ballard

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Fighting Resumes in Beirut As Aoun Criticizes U.S. Policy

By Ihsan A. Hijazi
New York Times Service

BEIRUT — Clashes broke out between Muslim and Christian forces in Beirut again Sunday and the two sides exchanged heavy artillery fire in the mountains east of the capital.

The police said four people were injured by sniper fire near the Green Line dividing the capital. Explosions rang out as combatants fired rocket-propelled grenades.

A military official in West Beirut, which is predominantly Muslim, attributed an earlier lull to a rotation of forces and said the pause would not last. Troops and militiamen were seen in large trucks heading for the Green Line, followed by armored personnel carriers and an occasional tank.

The military official said the lull came because no ships approached the coastline of the Christian enclave during the day. He said Syrian troops and their Lebanese Muslim allies would fire radar-equipped heavy guns as soon as a vessel was sighted offshore.

The Muslims are blockading the ports to undercut their Christian rivals. General Michel Aoun, who commands the Christian forces, has assailed the United States and other Western powers for failing to send their fleets to break the five-month blockade imposed by Syrian troops against the areas under his control.

In his most pointed criticism of Washington's policy on Lebanon, he said Saturday that during 14 years of civil war "the United States participated with Syria in causing internal divisions in Lebanon, including the split of the national army."

Seven years ago, the United States sent arms and trainers here to help to rebuild an army of 37,000. But the troops broke up again into Muslim and Christian brigades following renewed fighting in 1983.

A fuel tanker set ablaze last Tuesday by shellfire off the main Christian port of Jounieh sank completely today. The police issued a warning to the public not to swim there because spilled gasoline has polluted the water.

Walid Jumblat, the Druze leader and an enemy of General Aoun, advised the general to leave Lebanon as the only way to end the fighting. "We're prepared to give Aoun safe passage out of the country," Mr. Jumblat said in a speech during a visit with his fighters in the hills above the capital.

He inspected positions in Aitat, a Druze village on the frontline with the Christian stronghold of Souk el Gharb. The Maronite and Druze factions traded artillery shells and rockets for several hours.

Gun battles also raged in upper Maten district, 18 miles (29 kilometers) east of Beirut. General Aoun's military command said an infiltration attempt at Ain el Toffaha mountain peaks was beaten back.

Syrian troops along with militiamen of the leftist National Syrian Social Party are fighting Christian units of the regular Lebanese Army in upper Maten.

The party, an organization that includes Muslims and leftist Christians, is one of 18 factions fighting on the side of 40,000 Syrian soldiers deployed in Lebanon.

Rafsanjani Resigns Post As Chief of Armed Forces

Reuters

NICOSIA — The Iranian president, Hashemi Rafsanjani, who played a key part in ending the Gulf War, has resigned his post as acting commander in chief of the armed forces.

The Tehran radio, monitored in Nicosia, said Mr. Rafsanjani offered his resignation to the supreme leader, Ayatollah Ali Khamenei, saying that his new job as president left him little time for the armed forces.

Ayatollah Khamenei, who came to power on the death of Ayatollah Ruhollah Khomeini in June, accepted the resignation, the radio said. Ayatollah Khamenei is formally head of the armed forces.

The Baghdad-based opposition Mujahidin Khalq said in a statement that Mr. Rafsanjani's resignation was linked to differences among rival factions in Tehran.

The group said that Revolutionary Guards leaders opposed Mr. Rafsanjani's defense policies and that Ayatollah Khomeini's son Syed Ahmad had his eye on the top armed forces job.

Mr. Rafsanjani, appointed acting commander in chief by Ayatollah Khomeini, persuaded the spiritual leader a year ago to accept a cease-fire in the war with Iraq.

On Sunday, in an apparent concession to radicals within the leadership, Mr. Rafsanjani appointed the former prime minister, Mir Hussein Moussavi, as his adviser. The Iranian news agency IRNA said Mr. Rafsanjani had chosen Mr. Moussavi because of the length of his service as prime minister, eight years.

Mr. Rafsanjani, regarded as a moderate, dropped radicals from his cabinet, which won approval of the Majlis, or parliament, last week.

The post of prime minister was abolished as part of constitutional changes endorsed in a referendum during presidential elections in July. The amendments also enhanced the powers of the president.

Israel Widens Troops' Powers To Shoot Masked Palestinians

Reuters

JERUSALEM — The Israeli defense minister, Yitzhak Rabin, said Sunday he is giving troops battling the Palestinian uprising greater freedom to open fire with live ammunition on masked suspects.

He did not explain the new rules in detail but his remarks to Israeli radio seemed to mean that measures already in force in the Gaza Strip would soon apply in the occupied West Bank as well.

In the West Bank's largest town, Nablus, troops raided a house on Saturday and shot five wanted Palestinians, killing two and capturing the others.

Mr. Rabin said in a radio interview the raid was part of a new get-tough policy.

"Army forces will in the coming days get permission to act according to regulations for using live ammunition when arresting masked suspects, day or night, and I believe we will succeed in taking care of them," Mr. Rabin said.

Palestinians in parts of the West Bank observed a commercial strike to protest the Nablus killings.

In July, the army relaxed firing orders in the Gaza Strip, allowing soldiers to open fire on masked Palestinians if they resisted arrest.

Palestinian activists in the occupied West Bank and Gaza Strip cover their faces in the traditional Arab headdress to avoid identification.

They say troops in the Gaza Strip have opened fire on masked Palestinian stone-throwers, graffiti-writers and enforcers of uprising orders.

Mr. Rabin said the uprising, which began with masses of Arabs protesting in the streets of the occupied territories, was now being run by thousands of hard-core activists.

"We do not see the enthusiasm of the bulk of the residents to take part from time to time in violent activity," he said. "We see the formation of a hard-core terrorist nucleus of thousands of activists, not individuals, who have to bring about the action of the greater public."

In the Gaza Strip, Riyad Abbas Salem Nasrallah, 30, from Gaza City was hacked to death with axes and shovels for allegedly collaborating with Israeli authorities, Arab sources said. Another Arab, aged 15, was also severely beaten in Gaza on suspicion he aided Israel.

More than 100 of the 629 Palestinians who have died during the revolt were killed by fellow Arabs. At least 41 Jews have also died.

Mr. Rabin warned Jordan to prevent cross-border raids into Israel after the army said one soldier was killed and two wounded by a guerrilla.

"I think public expressions and other means are important to clarify to Jordan that Israel will not resign itself to a situation in which Jordan will be free for carrying out attacks against Israel," Mr. Rabin said.

The attack, on Saturday in the area of Kfar Ruppin, was the fourth cross-border raid from Jordan this year. The gunman, dressed in civilian clothes and armed with a Kalashnikov rifle, was killed, the army said.

Jordan said Sunday that no infiltrator had crossed from its territory into Israel.

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EUROBONDS

Something for Everybody In U.S. Economic Figures

By JOHN J. DUFFY
International Herald Tribune

PARIS — The dollar soared last week amid signs that the U.S. economy was growing fast enough to prevent the Federal Reserve Board from lowering interest rates. What was unusual about the financial markets' reaction to the latest data, however, is that bond prices also rose.

The dollar and the bond market usually head in opposite directions because what is fuel for the dollar — higher interest rates — is poison for bonds. Higher interest rates make dollar investments more compelling, but prices of existing bonds fall to keep their yields at current market rates. The peculiar reaction last week followed a welter of data that showed that the U.S. economy was indeed gathering steam, but in such a lopsided way as to provide some comfort to both the dollar and the bond markets.

Uneven gains in the American economy provided comfort to both the dollar and bond markets.

The latest U.S. jobless data showed that, with the distorting effects of labor strikes stripped out, the economy created more than 200,000 new jobs in August — far more than economists had expected. The government also reported that its Index of Leading Economic Indicators edged 0.2 percent higher in July, its first gain in three months.

The two reports, coming in the wake of an upward revision in second-quarter U.S. growth to 2.7 percent from 1.7 percent, prompted most economists to discard forecasts of an imminent recession.

The dollar, which has been edging higher on the hope that stronger growth would prompt the Fed to leave the current interest-rate structure intact, saw its hopes vindicated and soared briefly above 1.98 Deutsche marks. The U.S. unit closed in New York at 1.9775 DM, up from 1.9625 a week earlier.

"The dollar market has been speculating that the Fed would not ease," said Michael Tindall, an economist at Discount Corp. of New York. "This kind of speculation tends to be self-fulfilling."

Mr. Tindall said that in the bond market, however, elements of the employment data, plus the latest report from the National Association of Purchasing Management, raised hopes that the still-pervasive weakness in the U.S. manufacturing economy would allow interest rates to resume their meandering course downward.

The employment data showed that the manufacturing workweek fell, average overtime earnings fell and average hourly earnings were unchanged after a big jump in July. Among jobs created, moreover, 70,000 were in the services-producing sector while only 11,000 were in manufacturing.

In addition, the Purchasing Managers' Index, which is essentially a gauge of the spending plans of major U.S. industrial companies, fell in July to its lowest level since 1982.

Jonathan Wilmot, an economist at Credit Suisse First Boston, said the lopsided U.S. economic picture stems from a drop in consumer spending earlier this year and its effect on manufacturers' inventories.

"We had a period of very sluggish consumer spending in the spring, which led to a buildup in inventories," he said. "Manufacturers acted very quickly to cut inventories, which led to a very steep drop in production."

Mr. Wilmot added that data suggest consumer spending is now "quite clearly" picking up and this should feed through to an increase in production later this year.

"The pattern of all the recent data suggest stable, moderate growth, which means there is very little likelihood of an easing in Fed policy," he said.

While this is likely to be a disappointment to the bond market, Mr. Wilmot said the risk of higher rates is slight and is balanced by the fact that "a lot more investors would see value in the market at slightly higher levels."

For the dollar, analysts said that the dominant bias is clearly upward.

"The dollar's uptrend can only be stopped from a conclusive break of 2 DM and 150 yen if a further easing of Fed monetary policy is combined with a simultaneous tightening in other countries," said Jim O'Neill and David Brown, analysts at Swiss Bank Corp. Such a prospect, they said, was "unlikely."

In the Eurobond market, the prospect of stable rates and a firmer dollar should increase the flow of dollar-denominated issues from the moribund levels of August. Yield spreads between Eurodollar bonds and U.S. Treasury issues are at relatively attractive levels, they said, so issuing activity will largely depend on the vagaries of the swap market.

In the market last week, the European currency unit was the most active currency sector. Attractive swap opportunities have brought about $1 billion of ECU issues to market in the past two weeks, with supply largely outstripping the demand, dealers said.

Carl Gewirtz is on vacation.

Management-Led Offer for UAL Looks Too Good to Beat

Compiled by Our Staff From Dispatches

NEW YORK — The alliance of UAL Corp.'s management, pilots and British Airways PLC in a $300-a-share bid for the airline company may prove too formidable for anyone to top, according to U.S. analysts and arbitragers.

The bid values the company, owner of United Airlines, at about $6.75 billion.

"Although the board has thrown it open to all bids, it's hard to imagine that anybody will make a bid without the employees or management," said one analyst. "It's worth the most to the employees because it's their jobs," he said, adding, "if the employees think it's worth $300, I can't see anybody else taking it much higher."

The $300 offer would easily top the $275 bid by the investor Marvin Davis.

A spokeswoman for Mr. Davis said he was studying the latest proposal. She said that he stood by his statement last week that he might raise his offer if given more data about UAL, but she would not say if he would top $300 a share.

While U.S. analysts said the UAL board's decision to review the Davis and management bids along with any others was tantamount to putting itself up for sale, they doubted that a bid without both labor and management could carry the day.

"Even if another bid comes in at $325, if the whole package doesn't make sense, the dollar amount is not going to carry the day," said Edward Starkman, analyst at PaineWebber Inc.

UAL did not unveil the details of how the management-led group plans to finance its offer, but arbitragers said this was unlikely to be an obstacle.

"I think they had to spend the time getting their plan together, deciding the role of each participant," said one. "It won't be that hard to get financing."

UAL said that its pilots union is participating in an employee stock-ownership plan that would own 75 percent of the company and it is contemplated that other employees of the company would also participate.

Separately, British Airways said it would not ask shareholders to finance all the $750 million cost of its 15 percent stake in the management-led bid for UAL.

"BA will not call on its shareholders for the entire $750 million," said Ned Dawnay, director of Lazard Brothers, adviser to BA. Mr. Dawnay, speaking in London, said no decisions had been made on financing but said of any rights issue, "It's unlikely to be ordinary shares."

British Airways said on Friday it was considering calling on shareholders for additional funds, possibly using convertible paper, as options for financing the investment.

The British carrier also said that Newco, the entity making the bid for UAL, might buy up to 15 percent of the stock in British Airways through open-market purchases.

Mr. Dawnay said such a move would likely take years, rather than months, to complete. But he acknowledged that this intention would buttress the British carrier's stock price. Analysts were concerned the deal would dilute the earnings of British Airways in the short term and felt investors would not be enthusiastic.

Steve Clapham, airline analyst at Hoare Govett Ltd. in London, said, "BA shares aren't going to go down if UAL is going to buy them."

Mr. Clapham, however, added, "While the long-term strategic benefits of a deal may be clear, the incremental financial benefits in the short to medium-term are hard to determine."

Analysts have said the equity stake in UAL would give British Airways more passengers connecting from the United States to its flights as well as access to the Pacific market. The two airlines have had a traffic-sharing arrangement since late 1987.

Lord King, the British Airways chairman, said the investment enhances its marketing agreement with UAL and positions it strongly in the Pacific.

(Reuters, IHT)

Noranda Seems Likely to Win Falconbridge

Compiled by Our Staff From Dispatches

TORONTO — Noranda Inc. has emerged as the likely victor in the takeover fight for Falconbridge Ltd. after New York-based Amax Inc. declined to raise its bid for the Canadian mining company.

Late Friday, Amax said it would not extend its 36.125 Canadian dollar ($30.63) bid beyond the Friday midnight deadline. By declining to sweeten its offer for Falconbridge, Amax effectively backed away from what analysts had expected to become a fierce takeover battle.

Noranda, Canada's largest resources company, and Trelleborg AB, a Swedish industrial concern, have already amassed a 31 percent stake in Falconbridge by acquiring its shares over a period of months in the stock market.

Noranda and Trelleborg have offered 37 dollars per share, or 2.2 billion dollars, for the rest of the company.

The Amax announcement caught many analysts and investors by surprise. Mitchell Badler, an Amax spokesman, would not elaborate on the company's decision, saying only, "We're just dropping out of it." He added, "We offered what we felt was a fair value."

John Lydall, a metals analyst with First Marathon Securities in Toronto, speculated that Amax had feared that a prolonged takeover battle would have pushed the price higher than it wanted. "They've obviously decided that this became too rich for them," he said.

"This seems to be a realization on the part of Amax that they were fighting a strong team of two companies," Mr. Lydall said. "They didn't want to get a bidding war in which the person who wins the bidding war ends up the loser over the long term."

The Amax bid was put together at the behest of the Falconbridge chairman, Bill James, in an effort to fend off an assault by Noranda. For the past year, Noranda has been accumulating Falconbridge stock, paying an average of around 24 dollars a share.

Most analysts predicted a Noranda-Trelleborg victory, citing the fact that even if the partners offered 40 dollars per share, their bid would still cost them less because they had accumulated their stake at lower prices.

Noranda owns 28 percent of its target, while Trelleborg holds about 3 percent. *(Reuters, NYT)*

■ Plessey to Boost Dividend

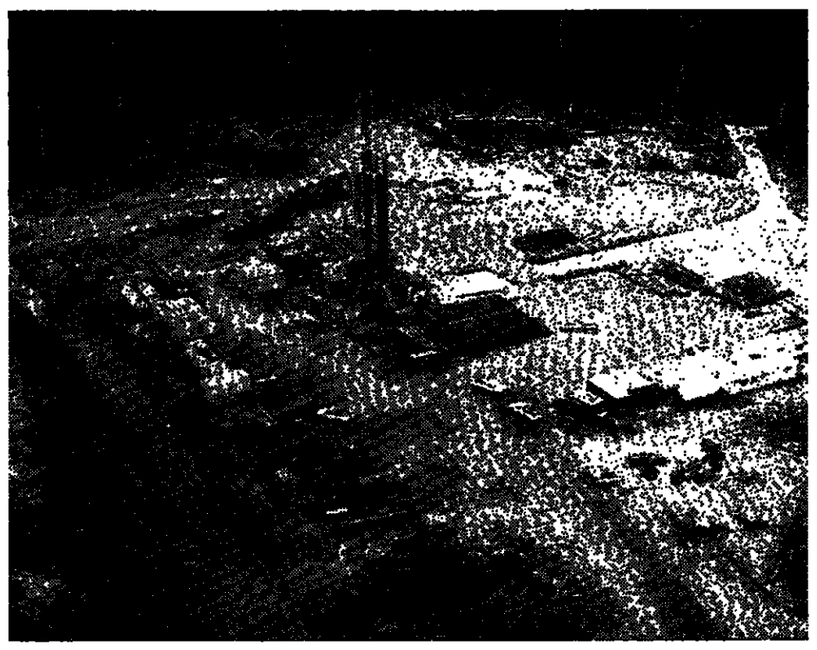
Plessey Co., seeking to ward off a £2 billion ($3.11 billion) takeover bid by General Electric Co. and Siemens AG, promised shareholders it would raise its dividend 20 percent this year, Reuters reported from London.

The hostile offer by the two electronics companies is to close Friday.

In a letter sent this weekend to shareholders, Sir John Clark, Plessey's chairman, said the board was confident enough in the company's prospects to intend "to recommend a total net dividend for the current year of 9.19 pence, representing an increase of 20 percent over last year."

GEC and Siemens would benefit in that they already have a 29.9 percent stake in Plessey. Their bid values the entire company at £2 billion.

The two companies launched their 270-pence-per-share offer for Plessey on Aug. 3. In its letter, Plessey urged other shareholders to reject the bid, which it said was unacceptably low. Plessey stock closed Friday at 266 pence.



A Royal Dutch/Shell drilling rig in Gabon. Investment in such facilities in Gabon, Syria, Nigeria and other countries has helped Shell to offset temporary shortfalls in its North Sea oil production.

Shell Finds Strength in Depth

Oil Giant Avoids Diversification and Market Megadeals

By Warren Getler
International Herald Tribune

LONDON — Royal Dutch/Shell Group, one of the world's top two energy concerns, has a simple formula for success: Focus on what the company does best and avoid "megadeals."

"We don't go for megadeals because megadeals are usually done through the stockmarket and, in our view, are usually overpriced," said Sir Peter Holmes, chairman of Shell Transport & Trading PLC, the British parent of Royal Dutch/Shell Group.

Shell Transport owns 40 percent of the Anglo-Dutch group and the London office has general responsibility for financial management, marketing and petrochemicals. Royal Dutch Petroleum owns the remaining 60 percent, with the Hague office having primary responsibility for upstream operations — exploration and production — and most technical activities.

The oil, gas and chemicals giant continues to produce steady, if unspectacular, profit growth in the uncertain oil-price climate of the 1980s.

With impressive exploration-and-production assets and the world's largest marketing-and-refining operations, the Shell juggernaut has been kept on an even keel through volatile swings of the oil market, analysts say.

Shell and Exxon Corp. play a constant tug-of-war for the title of the world's largest oil company.

Sir Peter says that the perennial question "Who's bigger, Exxon or Shell?" does not merit a great deal of attention at board meetings. He said that Exxon was "our one significant competitor worldwide."

In terms of market capitalization, Royal Dutch/Shell stands at $59 billion, compared with $55 billion for Exxon. As for revenue, Shell posted $70.4 billion last year at current exchange rates, while Exxon generated a higher $88.6 billion. Shell's profit that year

See SHELL Page 15

Vernes Resists Suez Deal

Industrielle Chief Calls Bid Too Low

Reuters

PARIS — Jean-Marc Vernes, chairman of Compagnie Industrielle, said Sunday that Industrielle shareholders should not tender their shares to Compagnie Financière de Suez because its bid for the company is inadequate.

Mr. Vernes, who has said he would not launch a counterbid to defend Industrielle, said at a news conference that he holds by his assertion that Suez in early August offered him 16,000 francs ($240.76) per share for his 25.3 percent stake in Industrielle.

Therefore he said he could not advise shareholders to accept Suez's offer of 13,000 francs. "Under current circumstances, at the price of 13,000 one should not accept the offer," he said.

Suez officials have said that the offer to Mr. Vernes was in the form of a delayed price guarantee, based on the bank's current full bid of 13,000 per share.

The Suez chairman, Renaud de la Génière, said in a newspaper interview on Saturday: "This 16,000 was accompanied by payment terms which make it perfectly compatible with the 13,000 proposed to the public. The affair is closed."

The Suez offer, which values Industrielle at 19.5 billion francs, constitutes the largest-ever hostile takeover bid in France. Its ultimate objective is to take control of France's largest private insurance firm, Groupe Victoire.

Mr. Vernes said in a prepared statement that the offer of 16.000 was made on Aug. 7, "without any conditions at all."

He said his aim now was to retain control and to see that the Suez offer, which closes on Sept. 18, fails.

He declined to say if he would sell his stake if Suez raised its bid to 16,000 francs, adding that his original refusal to take that sum was because it had not been offered to all shareholders equally.

Because of the higher offer, Mr. Vernes said he was also morally constrained from topping Suez's 13,000-franc bid with one of his own that was lower than 16,000.

Mr. de la Génière said on Saturday, however, that it was out of the question for Suez to raise its offer. "There is no counter-bid and no one offered more than Suez. Under those conditions, what would justify a new offer?" he said.

Analysts said that despite the denials some market participants still expect Suez to raise the bid.

Currency Rates

Cross Rates

Sept. 1

	$	£	DM	F.F.	It.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.221	3.475	1.127	6.3242	0.1572 *	—	5.387 *	1.3654	1.5297 *
Brussels(a)	41.225	64.50	20.915	6.2025	2.9169 *	18.5585	—	24.3125	0.2859
Frankfurt	1.9712	3.084	—	0.2966	0.1395 *	0.8874	4.78 *	1.1587	1.3575 *
London (b)	1.536	—	3.0785	10.376	2.284.50	3.4743	64.375	2.4553	227.095
Milan	Not Available								
New York(c)	—	1.5575 b	1.9775	6.668	1,478.50	2.2285	41.33	1.707	145.70
Paris	6.646	10.4025	3.3717	—	0.4702 *	2.9918	0.1612	3.9058	4.577 *
Tokyo	145.85	227.73	73.84	21.91	0.1601	65.56	3.5344	85.68	—
Zurich	1.703	2.6614	0.8631	0.256	0.1204 *	0.7661	4.7265 *	—	1.1705 *
1 ECU	1.8554	0.6732	2.0778	7.006	1,489.95	2.3416	43.4568	1.7941	153.153
1 SDR	1.2425	0.7929	2.4492	8.2576	N.Q.	2.7596	51.2717	2.1141	180.72

*Closings in London, Tokyo and Zurich, fixings in other centers. New York closing rates. a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	615.00	Fin. markka	4.414	Mex. peso	2400.00
Austral. $	1.3985	Greek drac.	144.70	N. Zealand $	1.68
Austr. schil.	13.79	Hong Kong $	7.8085	Nlg. naira*	5.2995
Brazil cruz.	2.788	Indian rupee	14.60	Norw. krone	7.1265
Canadian $	1.1791	Indo. rupiah	1772.00	Phil. peso	20.75
Chinese yuan*	3.7727	Irish £	0.738	Port. escudo	143.00
Danish krone	7.522	Israeli shek.	1.98	Saudi riyal	3.749
Egypt. pound	2.5432	Kuwaiti dinar	0.2977	Sing. $	1.966
		Malay. ring.	2.692	S. Kor. won	661.50
				Venez. bolív.	37.95

Currency	Per $
S. Afr. rand	2.7645
Soviet ruble*	0.6444
Span. peseta	122.25
Swed. krona	6.6425
Taiwan $	25.44
Thai baht	25.85
Turkish lira	2150.00
UAE dirham	3.67
Venez. bolív.	37.95

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day
Pound Sterling	1.5559	1.5526	1.5469
Japanese yen	144.64	144.71	143.82
Deutsche mark	1.9661	1.9629	1.9586

Currency	30-day	60-day	90-day
Canadian dollar	1.1822	1.1855	1.1895
Swiss franc	1.6974	1.6952	1.6931

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gesbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

	Sept. 1	Aug. 25	Ch'ge
United States			
DJ Indus.	2,752.09	2,732.26	+ 0.72 %
DJ Util	218.62	218.37	+ 0.11 %
DJ Trans.	1,526.32	1,467.99	+ 3.97 %
S & P 100	329.55	326.71	+ 0.87 %
S & P 500	353.73	350.52	+ 0.92 %
S & P Ind	405.27	401.29	+ 0.87 %
NYSE Co	196.37	194.79	+ 0.81 %
Britain			
FTSE 100	2,407.50	2,398.50	+ 0.38 %
FT 30	1,992.70	n.a.	— %
Japan			
Nikkei 225	34,348.00	34,739.00	— 1.13 %
West Germany			
Commerzbk	1,995.70	1,982.60	+ 0.66 %
Hong Kong			
Hang Seng	2,508.91	2,516.78	+ 0.31 %
World			
MSCIP	535.20	539.20	— 0.75 %

World Index From Morgan Stanley Capital Int'l.

Money Rates

	Sept. 1	Aug. 25
United States		
Discount rate	7.00	7.00
Federal funds rate	8 15/16	8 15/16
Prime rate	10½	10½
Japan		
Discount	3¼	3¼
Call money	5¼	5 7/32
3-month interbank	5 15/32	5⅜
West Germany		
Lombard	7.00	7.00
Call money	6.90	6.80
3-month interbank	7.15	7.10
Britain		
Bank base rate	14.00	14.00
Call money	14.00	14½
3-month interbank	14.00	13 15/16

Gold	Sept. 1	Aug. 25	Ch'ge
London p.m. fix$	359.40	368.45	— 0.29 %

Software Industry: From Paucity to Glut

By Claudia H. Deutsch
New York Times Service

NEW YORK — As computer users grow more and more comfortable with their once mysterious machines, they are clamoring for more software. As a result, U.S. sales of software for personal computers have surged from virtually nothing five years ago to well over $5 billion last year.

Willard (Pete) Peterson, executive vice president of Word Perfect Corp., said, "We try to keep track, sure, but it seems every week we're adding 100 names to our dealer data base, and deleting another 100."

"Everyone is price-cutting everyone else," he added, "and it's as though there's a shakeout every day."

New software stores are nearly as common as video stores in shopping malls and on Main Streets in the United States.

Huge superstores, where shoppers pull software programs off the shelves into shopping baskets with the ease usually associated with supermarkets, have opened within the last couple of years in Atlanta, Dallas, Los Angeles and a handful of other cities.

Companies like Business Land and Computer Factory, which generally stress hardware, are beefing up their software departments.

The upshot is that the retail software industry has moved from paucity to glut with lightning speed. According to Software Industry Bulletin, one of the few services that tracks retailers, more than 12,000 stores now sell software in this country.

Because so many software sellers are privately held — Egghead Discount Software Inc. and Babbages Inc. are notable exceptions — it is hard to document exactly who is profitable and who is not.

But one thing seems clear: While sales continue to soar, profits are increasingly hard to come by. "There is just too much inventory in the channel," said Scott Smith, a software analyst with Donaldson, Lufkin & Jenrette Inc.

After five years of virtually unrestrained growth, shakeout time has arrived. Micro D. and Ingram Inc., the two largest software distributors, which serve as middlemen between developers and stores, merged last year, and experts expect further consolidation.

At the retail level, the Bulletin reports that operating margins were down 22 percent in second-quarter 1989 from the previous year.

As the business matures, the industry may come to be dominated by just two kinds of outlets: huge stores that emphasize low prices and selection rather than service, and boutiques — specialty stores that stock one type of software in depth, like consumer games.

Losses are starting to mount at stores that do not fit into those categories. Egghead, the oldest U.S. chain of software stores, posted a loss of $12.1 million last year despite a 70 percent increase in sales. Shareholders have sued the company for alleged misstatements in its public offering in June 1988.

Minneapolis-based Software Etc., the software-only chain once owned by B. Dalton Booksellers, is pulling out of some markets, and there are rumors in the industry that it is looking to be acquired.

In a market that had been growing at a 40 percent a year, most distributors and software stores paid little attention to inventory control or costs as they scrambled to open more and more outlets.

Now, facing a glut of stores and slower growth — most projections are for no more than 25 percent this year — many companies are swamped with unsalable inventory and high overhead.

"People like to think this is a selling business, when it's an operations business," said Bruce R. Fredrickson, vice president of marketing for Ingram Micro D Inc., the newly-merged software company.

"The key to this business is how efficiently you can buy, pick, pack and ship. The problems many distributors had, and that the retailers are having now, is that they can't control their inventory," Mr. Fredrickson said.

Most Computer Chains are Expanding

	Stores Opened as of Jan. 1, '89	Aug. 1, '89	% Change
Tandy	7,104	7,046	– 0.8
Intertan	2,327	2,370	1.8
ComputerLand	755	749	– 0.8
MicroAge	227	300	32.2
Software Etc.	230	232	0.9
TBCC	191	225	17.8
Egghead	176	200	13.6
Valcom	181	181	0.0
Entre	184	180	– 2.2
Electronics Boutique	138	161	16.7
Babbage's	106	138	30.2
Inacomp	93	102	9.7
BusinessLand	101	87	– 13.9

Source: Software Industry Bulletin

Bloomingdale's Considers Soviet Sales Drive

By Francis X. Clines
New York Times Service

MOSCOW — Bloomingdale's, the U.S. department store, has signed a letter of intent to study the possibility of retailing in Moscow, the Soviet press reported Sunday.

A brief report, in Pravda, the Communist Party daily, said "it has been suggested" that Bloomingdale's open a store here to complement the joint-venture sales of Soviet-made goods that opened earlier this year in the Manhattan Bloomingdale's.

A second brief report, in Moskovskaya Pravda, cited officials as saying that there was a plan to have two stores open here by January, but no details were offered.

In New York, a Bloomingdale's executive said that there was no current intention of opening stores in Moscow, but that the company was looking at possibilities for selling more Bloomingdale's merchandise in the Soviet Union.

Letters of intent to investigate the feasibility of joint ventures have been signed by Soviet officials and representatives of thousands of American businesses in recent years. In most cases, the discussed projects fail to come about because of the limits of the Soviet market and the problem of currency conversion.

Far from the usual Bloomingdale's clientele of upscale fashion buyers, Soviet consumers have been short of basic foods and face increasingly scarce and rationed goods. They must spend hours in long lines or resort to the black market for limited bootlegged Western goods.

The few joint ventures that eventually open here usually wind up in effect barring Soviet shoppers by limiting the use of rubles.

Sime Aided By Factories, Plantations

Reuters

KUALA LUMPUR — Sime Darby Bhd., the Malaysia-based plantations and industrial conglomerate, reported Sunday a 63.9 percent jump in group pretax profit for the year ended June 30, to 505.3 million ringgit ($187.7 million), from 308.3 million ringgit the year before.

Sime said better profits from its plantations and manufacturing divisions contributed to the increase, which came on a 25.2 percent rise in sales, to 4.22 billion ringgit from 3.37 billion.

Profit from the plantations division was up by 39 percent, Sime said, due to higher palm-oil and rubber prices during the period.

The manufacturing division increased profit following higher sales volume for automotive and earthmover tires, while tractors saw strong demand for logging equipment and a significant increase in motor-vehicles sales, Sime said.

Dunlop Malaysian Industries Bhd., a subsidiary of Sime, reported a 41.3 percent rise in pretax profit, to 34.9 million ringgit from 24.7 million, on turnover that grew to 246.8 million ringgit from 221.8 million. The tire manufacturer said domestic demand showed "significant" growth.

Overall, said Sime, 1989-90 should be another good year.

As well as boosting its final dividend to 12 Malaysian cents a share from 10, Sime proposed making a one-for-two bonus issue of stock that would increase its issued capital to 777.39 million ringgit from 518.26 million.

It also proposed to increase its authorized capital to 1.5 billion ringgit from the existing 750 million to enable the proposed bonus issue to be implemented and to facilitate future expansion.

The increase in the issued share capital was necessary to reflect more accurately the level of assets employed in the company, Sime said.

SAVE AND PROSPER BALANCED FUND

Notice of Meeting

Société d'Investissement à capital variable
24-28, rue Jean l'Aveugle, Luxembourg
GRAND DUCHY OF LUXEMBOURG
R.C. Luxembourg B-22823

Luxembourg, 1st September, 1989

To our Shareholders

We have the honour to invite you to attend the

Annual General Meeting

of shareholders of Save & Prosper Balanced Fund, which will take place at the company's registered office, 24-28 Rue Jean l'Aveugle, on 22nd September 1989 at 11:30 a.m. for the purpose of considering and voting upon the following agenda.

1. Submission of the report of the Board of Directors;
2. Approval of the Statement of Net Assets as of 30th June 1989 and Statement of Operations for the year to 30th June 1989;
3. Allocation of the net profits, decision on the distribution of a dividend to shareholders of record on 22nd September 1989;
4. Discharge of the Directors and of the Statutory Auditor;
5. Receipt of and action on nomination of the directors;
6. Miscellaneous.

Resolutions on the agenda of the Annual General Meeting will require no quorum and will be taken at the majority of the shareholders present or represented.

In order to be valid proxy forms duly completed must be received at the registered office on September 18th, 1989 at 5 p.m. at the latest.

The Board of Directors

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01 323 11 30
Prices may vary according to market conditions and other factors.

Dollar Straights

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
United States					
AT&T	9	16	94¾	9.54	+116
Aetna Life	9½	95	102⅝	8.97	+54
Aetna Life	7¾	16	96	9.07	+51
Amer Genl	8⅞	91	99¾	9.08	+52
Amer Genl	9	94	99⅞	9.02	+60
Amer Genl	9¼	95	102¾	9.25	+82
Amer Genl	8½	98	95⅛	9.23	+72
Anhsr-Bsch	9⅜	92	99⅞	9.17	+64
Bell South Cap	9¼	93	101.050	8.92	+44
Belawest	10½	92	102¾	9.39	+86
Belawest	7¾	93	95.050	9.36	+85
Campbell Soup	8¼	91	98	9.44	+88
Campbell Soup	9⅛	93	100½	8.98	+49
Campbell Soup	10½	95	103⅝	9.46	+92
Campbell Soup	7½	98	89	9.40	+99
Chevron	10¾	91	101¼	9.28	+72
Chevron Corp	8¼	96	95½	9.17	+74
Coca Cola	8½	91	98½	9.39	+83
Coca Cola	8¾	92	99¾	8.77	+23
Dupont	10⅛	92	102	9.18	+63
Dupont	9	94	99¾	9.05	+61
Eli Lilly	10¼	92	103.050	9.06	+53
Eur Crd Crd	9¼	94	100¾	9.08	+64
Exxon	10	91	101⅛	8.96	+40
Ford Motor Cr	7⅛	91	96½	9.34	+80
Ford Motor Cr	8	91	98	9.39	+83
Ford Motor Cr	8⅞	91	98⅞	9.36	+80
Ford Motor Cr	10½	91	102.050	9.38	+82
Ford Motor Cr	9⅛	92	100⅜	9.16	+62
Ford Motor Cr	10	92	101⅜	9.15	+60
Ford Motor Co	11⅜	92	105⅛	9.32	+77
Ford Motor Cr	9⅞	92	100⅝	9.24	+76
Ford Motor Cr	10	94	102⅝	9.32	+77
Ford Motor Cr	12	95	105⅞	9.56	+101
Ford Motor Cr	9⅝	96	101¾	9.24	+81
Ford Motor Cr	11	96	108¾	9.23	+80
GEC	10½	91	101⅝	9.13	+57
GEC	9⅞	96	101⅝	9.08	+65
Gen Ele Cap	7⅞	91	97⅝	9.25	+69
Gen Ele Cap	8¼	91	98½	9.26	+70
Gen Ele Co	8	93	96⅝	9.09	+56
Gen Ele Cr Cor	8⅝	93	98½	9.24	+72
Gen Ele Cap	9	93	99⅞	9.02	+54
Gen Ele Co	9⅝	93	101.050	8.80	+32
Gen Ele Cap	9½	95	102⅛	9.02	+39
Gen Re Corp	9¾	92	101¼	9.18	+63
General Motors	9⅛	92	100¼	9.00	+46
GMAC	7⅛	91	97	9.35	+79
GMAC	8¾	91	99⅛	9.15	+59
GMAC	8⅞	91	99⅜	9.12	+56
GMAC	10	91	101⅛	9.16	+60
GMAC	7¾	92	95⅝	9.23	+68
GMAC	9⅜	92	100¼	9.22	+67
GMAC	10	92	100⅝	9.46	+70
GMAC	10⅛	92	101.050	9.43	+87
GMAC	8½	93	97⅝	9.17	+67
GMAC	9¼	93	101½	9.19	+67
GMAC	8	94	96⅞	8.96	+52
GMAC	10	94	102⅝	9.22	+78
GMAC	9	94	99.050	9.18	+75
GMAC	9⅝	96	100⅝	9.08	+65
GMAC Canada	9¼	93	99¾	9.31	+63
IBM	8⅝	91	99¼	9.09	+53
IBM	8⅞	91	99½	9.12	+56
IBM	9	92	100⅛	8.89	+36
IBM	9	92	100½	8.82	+28
IBM	9½	92	101⅛	8.93	+38
IBM	10	92	102⅝	8.95	+41
IBM	10⅛	95	103.050	9.36	+83
IBM Cred	7⅛	91	97⅝	9.21	+65
IBM Intl Fin	8⅛	92	98¼	8.70	+16
Kellogg	9⅛	91	100	9.12	+56
Kellogg	9½	92	100⅝	9.08	+53
Liberty Mut	9⅛	93	100	9.11	+63
Liberty Mut	8½	96	97½	9.07	+64
Lincoln Nat	9¼	95	101¼	9.25	+73
Metlife	7¾	96	92½	9.25	+82
Mony Fund	8⅞	94	94⅞	9.24	+81
Morgan Gty	7¼	91	96½	9.22	+66
Morgan J P	10⅛	92	103⅛	9.18	+65
New England	11¾	95	107⅜	9.59	+107
Pepsico	7⅝	93	94.050	9.34	+83
Pepsico	8	93	96.050	9.34	+82
Prudential	7¼	91	97¼	9.09	+53
Prudential	8	93	97½	8.76	+28
Prudential	12½	95	108⅛	9.65	+113
Utd Tech Corp	11¼	92	103⅝	9.35	+79
Utd Tech Corp	7¾	93	94⅝	9.25	+74
Utd Tech Fin	10⅛	95	103¼	9.43	+108
Warner Lamb	8½	96	95⅛	9.12	+69
Xerox	10	93	103½	8.83	+33
Far East					
Toyota Motor	8	91	98¼	9.22	+66
Toyota Motor	8	91	98⅛	9.23	+67
Dai-Ichi Fin	8⅞	91	98⅞	9.35	+79
Toyota Motor	8¼	91	98¾	9.04	+48
Toyota Motor	10¾	91	101½	9.19	+63
Toyota Motor	8⅝	91	99⅛	8.88	+35
Dkb Asia	8⅞	91	97⅞	9.33	+77
LTCB	8	91	97⅞	9.28	+72
Sumit Trust 2	7¾	91	96⅞	9.37	+82
Toyota Motor	9½	92	101.050	8.93	+38
Ind Bk Jap	7⅞	92	96⅛	9.25	+69
Mitsub Cor	7¼	92	95⅞	9.38	+83
Toyota Motor	7¾	92	95⅞	9.22	+67
Sumit Bank	7½	92	95⅞	9.36	+81
Panasonic	9	92	100	9.00	+46
Dai-Ichi Kb	9⅝	92	101⅝	9.11	+57
Ibi Finance	9⅝	92	101⅞	9.08	+55
Sumit Bank	9⅝	92	101⅝	9.11	+58
LTCB	9¼	92	100⅜	9.89	+36
Metro Tokyo	9½	93	101⅜	8.88	+36
IBJ Fin	9⅝	93	101⅜	9.00	+48
Nip Credit	9⅝	93	101⅜	9.18	+66
LTCB	8⅝	93	98⅜	9.02	+51
Ind Bk Jap	10	93	102⅝	8.99	+48
LTCB	8	93	96½	9.16	+65
Nip Credit	10¼	93	103⅛	9.18	+67
LTCB	9⅝	93	102¼	9.11	+61
LTCB	7¾	93	95⅝	9.17	+66
LTCB	9⅜	93	101.050	9.02	+52
Metro Tokyo	9⅝	93	100⅝	8.92	+42
Ind Bk Jap	8	93	96¾	9.02	+52
Nip Credit	8	93	96.050	9.23	+74
Osaka Prefect	9⅝	93	101½	8.94	+45
Tokyo El P	9⅝	93	101⅜	9.21	+72
NCB	9¼	93	102	9.13	+65
Dkb Asia 2	8	93	96¼	9.13	+64
Jap Dev Bk	9⅝	93	102⅝	8.91	+42
Fuji Intl Fin	9¼	93	100⅝	9.13	+65
Sumit Bank	9⅝	93	100⅝	9.15	+67
Bk Tokyo	8	93	96.050	9.15	+67
Mitsub Fin 2	7⅝	93	95¼	9.27	+79
Tokyo Kobe 2	7¾	94	94½	9.35	+88
Jap Dev Bk	8	94	96½	8.91	+46
Metro Tokyo	9¼	94	101½	8.86	+42
Toyota Credit	8½	94	98½	8.88	+45
Jap Dev Bk	8⅝	94	99	8.90	+44
Osaka Prefect	8½	94	98½	8.87	+44
Osaka Prefect	10⅛	94	105⅛	8.89	+47
Nip T&T	9⅝	95	101⅞	8.97	+50
Jap Fin Corp	9¼	95	101⅞	8.89	+47
Nip T&T	9½	95	102½	8.91	+48
Nip Credit	10⅛	95	104½	9.32	+89
Jap Dev Bk	9½	95	101⅞	8.94	+51
Nip Credit	10	95	106	9.29	+87
Jap Highway	9⅝	96	103⅝	8.87	+46
Jap Fin Corp	9⅝	96	104⅛	8.93	+50
Kansai Elec P	10	96	103½	9.23	+80
Bk Tokyo	8⅝	96	96⅝	9.11	+69
Jap Dev Bk	10	96	105½	8.87	+44
LTCB	8⅝	96	98⅛	9.07	+64
Tokyo El P	8⅞	96	97¾	9.20	+77
LTCB	8	96	94⅛	9.14	+71
Metro Tokyo	8¼	96	96⅝	8.90	+47
LTCB	8	97	94⅛	9.10	+67
Ind Bk Jap	7⅞	97	97⅜	9.02	+60
Nip T&T	9⅝	98	102⅝	8.92	+51
Exp Imp Jap	9⅝	99	103⅝	8.95	+54
Exp Imp Jap	9⅝	99	104⅛	8.95	+55
Jap Fin Corp	9⅝	99	105⅛	8.96	+55
Nip T&T	9	99	100⅛	8.92	+52
Kobe City	8⅝	99	99½	8.95	+55
Exp Imp Jap	8⅝	99	98½	8.87	+47
Combined US$ Euros pre 1994					
Austri Control	10	91	101⅛	9.16	+54
BFCE	7¾	91	96½	9.14	+58
Belgium 2	7½	91	96⅝	9.16	+60
Belgium 2	7¼	91	97⅝	9.17	+61
Belgium 2	8½	91	99	9.16	+60
CCCE	7⅛	91	96⅛	9.12	+56
CEPME	7⅞	91	97⅛	9.05	+49
CNCA	7¼	91	96	9.24	+69
CNT	7	91	95⅞	9.07	+52
Cr Foncier X/w	10⅛	91	102½	9.16	+60
Cr Lyonnais	9	91	99⅝	9.09	+53
Cr Natl	7⅛	91	96⅛	9.05	+50
Denmark	8⅝	91	99⅝	8.99	+43
Denmark	8½	91	98⅝	9.19	+63
Denmark	8⅞	91	98½	9.20	+64
EDC	8⅛	91	98⅞	8.86	+30
EEC	7	91	96¼	8.96	+40
EEC	8⅝	91	99⅛	8.82	+26
EIB	11	91	102½	9.06	+50
Exportfinans	8¼	91	98⅝	9.17	+61
Fin Export Cr	9½	91	101	8.94	+38
Fin Export	10⅛	91	102	9.16	+60
Italy	7	91	96⅛	8.92	+37
Italy	8⅞	91	99¼	8.79	+23
New Zealand	7½	91	96⅝	9.27	+71
New Zealand	7⅞	91	96⅞	9.22	+67
Norway	7¼	91	97¼	8.84	+28
Prov Alberta	7⅝	91	96⅛	9.00	+45
Queensland	7⅝	91	97⅝	9.31	+75
SEK	8⅞	91	99	8.89	+33
SEK	8⅞	91	99¼	9.15	+59
SEK	10¼	91	101⅛	9.07	+51
SEK	7⅜	91	96⅛	9.12	+57
Sweden	7	91	96⅛	9.11	+55
BFCE	7	92	95⅛	9.07	+52
Belgium	9⅛	92	100⅜	8.97	+44
CEPME	7⅛	92	96	9.02	+47
CNCA	11⅛	92	105	9.17	+62
Cr Foncier X/w	12⅛	92	108¼	9.11	+57
Cr Natl	7⅜	92	96⅛	9.01	+46
Denmark	7⅝	92	95⅛	9.01	+46
EIB	8⅝	92	99⅛	8.83	+29
Exportfin	7⅝	92	96⅛	9.10	+55
Exportfin	11⅛	92	104½	9.15	+60
Fin Export Cr	8½	92	98⅞	9.09	+54
Norsk Hydro	7	92	95⅛	9.33	+77
Queensland	7⅝	92	95⅝	9.32	+77
SEK	8⅞	92	98	9.00	+45
Sec Victoria	9½	92	100½	9.27	+72
St Bk Sth Aust	10⅛	92	101⅞	9.37	+82
Statoil	9⅛	92	100	9.23	+68
Sweden	10⅛	92	103⅝	8.87	+35
Sweden	7	92	95⅝	8.93	+38
Victoria	10	92	101⅞	9.27	+73
Victoria P	11⅜	92	105⅛	9.30	+75
World Bk	11	92	104⅛	8.93	+38
World Bk	7	92	96	8.90	+34
Austra Wheat	9½	93	100⅝	9.25	+78
Austri Control	8⅞	93	97⅝	8.91	+40
Austria	9⅝	93	101⅞	8.95	+44
BFCE	7¼	93	94½	9.02	+52
Belgium	8½	93	98½	8.99	+47
Belgium 2	8¼	93	97½	9.03	+52
CBA	9¼	93	100⅝	9.02	+52
CNCA	9⅝	93	101⅛	9.02	+54
Com Bk Austr	10	93	103⅝	8.87	+39
Cr Lyonnais	7⅝	93	95⅛	9.19	+70
Cr Natl	8¼	93	98⅛	8.83	+32
Denmark	7⅜	93	96⅛	8.98	+47
EDF	7⅝	93	96	8.90	+42
EEC	7⅛	93	95⅛	8.88	+40
EEC	10	93	103	8.92	+40
EEC Oct	12	93	110⅛	8.89	+41
EEC	8⅝	93	98½	8.88	+37
EIB	7¾	93	95⅝	9.01	+53
EIB	11⅞	93	109⅝	8.94	+46
EIB 'A'	7¾	93	95⅛	8.84	+37
Eurofima	9¼	93	101	8.91	+41
Exportfin	7⅝	93	95⅛	9.02	+56
Exportfin	7⅝	93	95⅛	9.03	+60
Ferrovie Stato	8½	93	97¼	9.01	+50
Italy	9	93	100⅛	8.89	+40
NIB	8¼	93	97⅞	8.99	+48
New Zealand	8	93	96½	9.12	+61
New Zealand	8¼	93	97⅝	9.11	+60
Norway	8⅝	93	100.050	8.70	+19
SEK	7½	93	95⅝	8.93	+43
SEK	9⅝	93	101⅝	8.91	+40
SEK	9	93	100⅛	8.91	+41
SNCF	11½	93	107	9.05	+53
St Bk Sth Aust	9¼	93	99⅛	9.35	+83
St Bk Victoria	8½	93	97½	9.29	+79
Sth Aust Govt	8⅝	93	98⅝	9.23	+72
World Bk	12	93	110	8.92	+43
World Bk	9	93	100⅛	8.74	+25
Combined Euros post 1993					
Cr Foncier	7½	94	95	8.92	+45
SNCF	7⅛	94	94½	8.94	+47
CNCA	7⅞	94	94⅞	9.14	+68
Statoil	7⅝	94	94⅝	9.27	+81
SEK	7⅝	94	95⅝	8.92	+46
Oest Postspa	10½	94	105⅛	9.00	+53
EIB	12⅝	94	114⅛	8.90	+45
Austr Control	9⅞	94	101⅛	8.86	+42
Electrolux	9½	94	100⅛	9.36	+92
Sweden	8⅞	94	97⅜	8.67	+23
Algemn Bk Nl	9⅝	94	100⅝	8.99	+55
BNP	8⅝	94	99⅛	9.02	+59
BNP	8⅝	94	98½	9.03	+60
BFCE	8⅝	94	99⅛	8.84	+40
Denmark	8⅝	94	97	9.02	+59
Imi Bank Intl	8⅝	94	98.050	9.13	+69
New Zealand	9	94	99⅞	9.04	+60
World Bk	12⅝	94	115⅛	8.87	+44
World Bk	12⅛	94	113⅛	8.88	+46
Austria	11⅛	95	109⅛	9.01	+59
CNE	11⅛	95	111⅛	9.00	+57
CCCE	9⅛	95	101⅛	8.87	+45
Brit Telecom	8⅝	95	99⅝	8.81	+39
EIB	12	95	112⅝	8.96	+53
Australia	11	95	108⅛	9.04	+62
Qantas	10⅝	95	105⅝	9.03	+60
World Bk	10⅝	95	105⅝	8.86	+44
Queensland	10⅛	95	105	9.12	+69
IADB	10½	95	106⅝	8.96	+54
EDF	10⅛	95	103⅝	8.78	+36
Australia	11⅛	95	110⅛	9.12	+69
Cr Foncier	9⅝	95	101⅛	8.89	+47
Statoil	9⅞	95	101⅛	9.21	+68
Fin Export Cr	9⅞	95	101⅜	8.96	+53
Prov Alberta	9⅝	95	102⅛	8.83	+40
Italy	9⅞	95	102⅛	8.90	+47
Canada	10	95	106⅛	8.67	+24
BFCE	9¼	95	101⅝	8.85	+42
IADB	9⅝	95	104	9.00	+57
ECSC	9⅝	95	101	9.06	+59
Electrolux	10	96	102⅛	9.39	+96
Council Europe	9⅝	96	101⅜	8.99	+56
Canada	9	96	102.050	8.56	+13
Italy	9⅞	96	101¼	8.85	+42
BP America	10	96	103	9.34	+91
Eurofima	9¼	96	101⅝	8.89	+46
Sweden	8⅝	96	98	8.76	+33
Qantas	8⅝	96	97⅝	9.10	+67
World Bk	8¾	96	98⅝	8.88	+45
Petro-Canada	7¼	96	91⅜	8.93	+50
Manitoba	7½	96	92⅛	9.08	+65
CNCA	7½	96	92⅛	9.11	+68
Finland	9	96	100⅛	8.85	+42
Quantas	9⅞	96	103⅛	9.14	+71
SNCF	7⅜	96	94	8.96	+53
Farm Credit	7⅜	96	94⅛	8.91	+48
EEC	8⅛	96	96⅝	8.87	+44
Austria	9⅛	96	101⅝	8.91	+48
EIB	7⅝	96	94⅛	8.85	+42
Cr Lyonnais	9	96	99⅝	9.03	+60
IFC	8⅝	96	98⅝	9.02	+59
Elect Corp N Z	9⅝	96	99⅝	9.44	+101
Council Europe	8	96	95⅝	8.87	+44
BFCE	7⅛	96	94⅝	8.89	+46
Basf Finance	8	96	94⅝	8.87	+44
IADB	7⅞	96	93⅛	8.99	+56
Brit Telecom	7⅝	96	93⅛	8.93	+50
Victoria P	8⅝	96	96⅝	9.08	+65
ECSC Tr A	8⅝	96	96⅝	8.89	+46
Exportfin	7⅞	96	94⅛	8.97	+55
Belgium	8	97	94½	9.02	+60
Austria	7⅞	97	94	8.87	+45
BFCE	7¾	97	94	8.86	+44
Gel Co	7⅝	97	92⅝	9.00	+58
World Bk	7	97	94	8.86	+44
New Zealand	8	97	94⅛	9.09	+67
EIB	10	97	106	8.84	+44
World Bk	9	97	100⅞	8.83	+41
EIB	9⅝	97	103	8.83	+41
Sweden	9⅝	97	102⅜	8.84	+42
EDF	9	98	100⅜	8.88	+46
Quebec Prov	9	98	100⅜	8.92	+51
Belgium	9⅝	98	103⅜	8.96	+55
EDC	9½	98	102⅝	8.84	+43
SNCF	9½	98	103½	8.92	+51
EDF	9⅝	98	102⅝	8.89	+48
Quebec Hydro	9⅞	98	105	8.92	+51
Brit Telecom	9⅝	98	102⅝	8.98	+57
World Bk	9¼	98	102⅝	8.89	+48
Qantas	9½	98	102⅝	9.10	+69
World Bank	9¼	98	104½	8.88	+48
Cr Foncier	9½	99	103⅛	8.91	+51
SAS	10	99	103⅝	9.45	+104
BP America	9⅝	99	103⅜	9.22	+82
EIB	9½	99	103⅝	8.90	+50
Italy	9⅝	99	104.050	8.89	+55
EDF	9½	99	103⅝	8.96	+56
Daimler-Benz	10	99	105	9.10	+70
State Bk Nsw	10⅛	99	104½	9.31	+90
Deut Bk	9⅛	99	101⅛	9.09	+69
SAS	9⅝	99	98⅝	9.36	+98
Brit Telecom	8⅝	99	98	8.90	+50
British Gas	8⅝	99	99⅞	8.92	+53
Austria	8⅝	00	99	8.98	+49
World Bk	9	04	100.050	8.99	+54
Ferrovie Stato	9⅝	09	102½	8.85	+41

Dollar Zero Coupons

Issuer	Mat	Price	Yld Mat	Spd Trsy
Tsy Phy Con n.a.	89	97	17.58	+883
Transamerica n.a.	89	96⅝	11.99	+332
Beneficial n.a.	90	94⅛	13.53	+486
GMAC Overs n.a.	90	95⅛	10.76	+209
Du Pont Overs n.a.	90	95⅛	10.69	+202
Fluor Fin n.a.	90	93⅛	13.19	+452
IADB Jun n.a.	90	92	11.36	+268
Denmark n.a.	90	89⅛	9.46	+78
Hewlett Pac n.a.	91	88⅝	9.47	+80
Bond Brewing n.a.	91	87	18.66	+199
Sumit Fin n.a.	91	86	9.85	+119
Fiat n.a.	91	85⅛	9.91	+125
Indust Kred Bk n.a.	91	85⅛	9.91	+125
Bk Tokyo n.a.	91	85	9.85	+119
Transamerica n.a.	91	80⅛	11.35	+269
Denmark n.a.	91	82½	9.35	+69
GMAC Ov Fb00 n.a.	92	80⅛	9.30	+65
Arco Fin n.a.	92	80½	9.42	+78
Pepsico n.a.	92	80½	9.42	+78
Beatrice Foods n.a.	92	73⅛	13.39	+475
Xerox Credit n.a.	92	79⅛	9.70	+106
Gen Ele Cr Int n.a.	92	80⅛	9.28	+64
Sears n.a.	92	79⅛	9.62	+98
Reynolds n.a.	92	76	11.85	+321
Gaz De Fra n.a.	92	80⅛	9.35	+71
Bq Indosuez n.a.	92	79	10.04	+140
Cracker n.a.	92	79⅛	9.90	+126
Baker n.a.	92	78½	10.31	+167
Gulf Oil n.a.	92	80	9.39	+75
Campbell Soup n.a.	92	78⅛	9.54	+90
BNP X/w n.a.	92	78¼	9.57	+93
BNP C/W n.a.	92	78⅛	9.52	+88
Caterpillar n.a.	92	76⅛	9.77	+113
GMAC Ov 0101 n.a.	92	76⅛	9.38	+74
IADB n.a.	92	73	10.09	+146
Gen Ele Cr Int n.a.	93	73⅛	9.24	+65
IFF n.a.	93	71⅛	9.62	+103
Edf Stp Con 93 n.a.	93	64⅛	n.a.	
Sunlory n.a.	93	70⅛	9.64	+104
Caterpillar n.a.	94	65⅛	9.74	+116
Penney Jc n.a.	94	66⅛	9.71	+112
Gaz De Fra n.a.	94	67⅛	9.25	+66
Pepsico n.a.	94	67⅛	9.29	+70
Gen Ele Cr Int n.a.	94	67⅛	9.19	+60
SEK Mar n.a.	94	67⅛	9.06	+48
Ic Indust n.a.	94	55	13.60	+500
Sears May27 n.a.	94	64⅝	9.60	+100
Philip Morris n.a.	94	64⅛	9.67	+107
EDF n.a.	94	64⅛	9.02	+44
NIB n.a.	94	64½	9.14	+56
SEK Sep n.a.	94	64½	9.14	+56
Exportfin n.a.	94	64⅛	9.11	+53
Sth Aust Govt n.a.	94	61	9.96	+138
Deut Bk Fin n.a.	95	177	9.40	+83
Gen Ele Cr Int n.a.	95	61⅛	9.18	+60
BP Capital n.a.	95	60⅛	9.15	+58
Florida Fed n.a.	95	58	9.75	+117
Marubeni n.a.	95	58	9.63	+105
Austria n.a.	95	60⅛	8.95	+38
Olymp York n.a.	95	59½	9.72	+114
Gen Ele Cr Int n.a.	96	54⅛	9.20	+63
IADB n.a.	96	50⅛	9.70	+135
ISEC Mar n.a.	97	49⅛	10.02	+145
Amer Medic n.a.	97	37	13.36	+478
SBC Fin n.a.	97	49	9.11	+55
Sears Jul n.a.	97	44⅛	9.69	+111
Denmark n.a.	98	45⅛	9.17	+59
Prudential n.a.	99	45⅛	8.88	+30
New England n.a.	99	42	9.67	+109
Victorian P n.a.	99	41	9.30	+72
Amer Hospital n.a.	00	33	10.67	+208
Connect Mut n.a.	00	36⅛	9.52	+93
Araxs n.a.	00	37⅛	9.00	+41
Rockefeller n.a.	00	35	n.a.	
Siemens W/W n.a.	01	65⅛	3.64	-493
Siemens X/w n.a.	01	35⅛	9.09	+50
Amer Medic n.a.	02	21	12.83	+423
World Bk n.a.	02	30⅛	9.55	+95
Amer Intl Gp n.a.	04	28⅛	8.86	+26
Gen Mills n.a.	04	26	9.44	+83
Asian Dev Bk n.a.	04	28⅛	8.80	+20
Exxon Cap n.a.	04	28	8.74	+13
First Fed n.a.	05	25	9.38	+77
Mutual Ben n.a.	06	24⅛	9.06	+46
IADB Jun n.a.	07	17⅛	9.65	+107
IADB Dec n.a.	08	16⅛	9.80	+122
Centrust n.a.	10	14⅝	9.18	+63
Middletown n.a.	10	179	4.48	-486
Gen Mills n.a.	13	13½	8.72	+29
FNMA Bear n.a.	14	12⅛	8.74	+35
Chemical Bank				
Chemical Nv 90 n.a.	90	96	9.68	+101
Chemical Nv 91 n.a.	91	87⅛	9.92	+126
Chemical Nv 92 n.a.	92	79⅛	9.85	+121
Chemical Nv 93 n.a.	93	72⅛	9.90	+131
Chemical Nv 94 n.a.	94	66	9.81	+122
Chemical Nv 95 n.a.	95	60	9.84	+127
Chemical Nv 96 n.a.	96	54⅛	9.80	+123
Chemical Nv 97 n.a.	97	49⅛	9.91	+133
Chemical Nv 98 n.a.	98	45	9.92	+134
Chemical Nv 99 n.a.	99	41	9.98	+133
Chemical Nv 00 n.a.	00	37⅛	9.92	+134
Chemical Nv 01 n.a.	01	33⅛	9.96	+137
Chemical Nv 02 n.a.	02	30⅛	9.94	+135
Chemical Nv 03 n.a.	03	27⅛	10.01	+141
CCCE				
CCCE n.a.	90	94⅛	9.54	+87
CCCE n.a.	91	86⅛	9.38	+72
CCCE n.a.	92	78⅛	9.43	+79
CCCE n.a.	93	72⅛	9.31	+72
CCCE n.a.	94	66	9.35	+75
CCCE n.a.	95	60½	9.30	+73
CCCE n.a.	96	55⅛	9.33	+76
CCCE n.a.	97	50⅛	9.41	+84
CCCE n.a.	98	46	9.39	+82
CCCE n.a.	99	42	9.41	+83
CCCE n.a.	00	38⅛	9.44	+86
CCCE n.a.	01	35	9.43	+84
CCCE n.a.	02	32	9.43	+83
CCCE n.a.	03	29⅛	9.42	+82
CCCE n.a.	04	26½	9.49	+88
CCCE n.a.	05	24⅛	9.46	+87
CCCE n.a.	06	22⅛	9.45	+85
CCCE n.a.	07	20⅛	9.47	+89
CCCE n.a.	08	18⅛	9.39	+82
Ccce Princip n.a.	09	17	9.44	+87
Ccce Int Cert n.a.	09	17	9.44	+87

DM Straights

Issuer	Con	Mat	Price	Yld Mat	Cur Yld
Europeans					
ADT	6½	95	94⅛	7.61	+66
AKZO	5⅝	93	95	6.90	+4
Abbey Natl	6⅝	96	97⅛	7.07	+12
Aeroport Paris	8¼	92	101½	5.97	-36
Amro Bank	5⅝	94	95⅛	7.03	+16
Amro Bank	6⅝	98	96⅛	6.95	+5
Anas	8⅝	91	101⅛	7.24	+36
Andelsbanken	6	95	94½	7.11	+16
Asfinag	6⅝	95	99⅛	6.92	-3
Asfinag	6	95	93⅛	7.02	+17
Audi Fin	7⅝	94	101	7.09	+2
Aust Donkrf	8	94	103⅛	6.26	-44
Austr Control	7⅝	89	100	n.a.	
Austr Control	7⅝	90	100	7.03	+38
Austr Contr Pp	6⅝	91	98½	7.14	+2
Austr Contr Pp	5½	92	96⅛	7.05	+46
Austr Control	5	92	96½	6.39	-19
Austr Control	5⅝	92	96⅝	6.85	+25
Austr Control	5	93	94	7.03	+29
Austr Control	5½	94	95⅛	6.73	-9
Austr Control	6	96	96⅛	6.49	-26
Austr Control	6⅝	97	100	6.75	-16
Austr Ind Cred	6	92	97⅝	7.12	+52
Austri Ind Ver	7	95	99⅛	7.11	+18
Austria	5⅝	90	98½	7.80	+22
Austria	7	92	100⅛	6.90	+17
Austria	8⅝	92	101⅛	7.76	+110
Austria	5⅝	93	95⅛	6.69	-11
Austria	8	93	105	6.47	-40
Austria	7⅝	94	100⅛	7.41	+56
Austria	5⅝	97	93⅛	7.05	+13
Austria	6⅝	97	95⅛	7.02	+11
Austria	6	98	94⅛	6.89	-1
Austria	6⅝	98	96⅛	7.02	+21
Austria	6⅝	02	93	7.11	+30
Austria	6⅝	03	91⅛	7.12	+31
Avis	5⅝	92	96⅛	7.31	+66
BFCE	8⅝	90	100⅝	7.22	+53
BFCE Sep	8⅝	94	104⅛	7.09	+17
BFCE	5¼	94	97.050	6.83	-22
BFCE	6⅝	95	98.050	6.85	-4
BFCE	6½	97	95⅛	6.87	-4
BFCE	5⅝	98	92⅛	6.87	-4
BFG	6	98	96⅛	7.07	+34
BMW	5⅝	96	90⅛	7.00	+24
BNP	5⅝	94	100.050	7.34	+77
BTR	7⅝	90	100⅛	7.20	+29
Barclays	8⅝	95	103⅝	7.44	+51
Bayer Labk	5	93	93⅛	7.16	+38
Bayernverein	7	91	101⅛	7.14	+34
Bco Lavoro	5⅝	94	94	7.38	+49
Beecham	7⅝	94	100½	7.24	+32
Beiersdorf	7	96	102	6.60	-35
Beta Electric	11	91	101⅛	10.28	+321
Belgium	6⅝	92	100	6.87	-21
Belgium	5½	92	95⅛	6.89	+33
Belgium	5½	96	92	7.04	+9
Bhf Bank	6⅝	91	98⅛	7.19	+19
Bhf Bank	6⅝	91	98⅛	6.95	+10
Bhf Bank	6	96	96⅛	6.96	+16
Bk Greece	5⅝	92	96⅛	7.27	+69
Bk Greece	5⅝	92	95⅛	5.96	-75
Bk Greece	6	94	95⅛	7.24	+38
Bk Greece	6½	95	96⅛	7.32	+39
Bq Indosuez	7⅝	98	98⅛	7.51	+95
Bulgarian Frb	8½	93	103	7.91	+96
CCF	6⅝	94	97⅛	7.20	+19
CEPME	8	91	101	7.29	-7
CEPME	7⅝	97	101⅛	7.02	+9
CNA	8⅝	94	103⅝	7.28	+35
CNE	8⅝	94	103⅝	7.06	+25
CNT	7⅝	93	101⅛	7.20	+35
CNT	6⅝	94	98⅛	7.06	+11
CNT	6⅝	96	97⅛	6.98	+3
Cbai Turkey	6⅝	91	97⅝	7.14	+47
Cbai Turkey	7	92	97⅛	7.28	+69
Cbai Turkey	6⅝	95	96⅛	7.62	+74
Commerzbank	5⅝	93	96⅛	7.01	+29
Commerzbank	5⅝	93	95⅛	7.01	+22
Commerzbank	5	93	93⅛	6.82	+3
Commerzbank	5	93	97⅛	7.08	+19
Commerzbank	8⅝	93	101⅝	7.93	+104
Commerzbank	6⅝	93	100	6.67	-77
Commerzbank	5⅝	93	96⅛	6.95	+49
Copenhagen	6	90	98⅛	7.38	+60
Copnhgn Tel	8⅝	93	105⅝	7.00	+12
Copenhagen	8½	93	103⅝	7.52	+93
Copenhagen	7⅝	95	99⅛	7.42	+51
Cr Foncier	6⅝	90	101⅛	6.68	-2
Cr Foncier	7⅝	92	100⅛	7.05	+44
Cr Foncier	6⅝	99	99⅛	6.82	+1
Cr Natl	6⅝	98	103⅝	7.09	+27
Cr Ind Com	6⅝	98	96½	6.93	-9
Cred. Lyonnais	6⅝	98	97⅝	7.10	+20
Crediop	8	91	100⅛	8.43	-386
Credit Suisse	5⅝	94	93⅛	7.07	+22
DG Bank Lux	5⅝	95	93⅛	7.12	+27
DGZ Bank	5⅝	96	95⅝	7.12	+38
Daimler Benz	5⅝	01	89⅛	7.04	+23
Danish Exp	6	91	97⅝	7.26	+24
Degussa	7½	94	101	7.21	+40
Degussa	6⅝	97	95⅛	6.86	-5
Den Dansk Bk	5⅝	93	95.050	7.38	+57
Denmark	7⅝	89	99⅛	8.69	+248
Denmark	5⅝	91	98⅛	6.71	-26
Denmark	10⅛	92	106⅛	7.29	+61
Denmark	8	93	104⅛	6.63	-23
Denmark	6⅝	93	97	6.53	-28
Denmark	7⅝	94	103⅛	7.83	+16
Denmark	7⅝	94	103½	6.92	+1
Dnmrk Mtg Bk	7⅝	95	102½	7.06	+14
Deutsche Bank	6	91	98.050	6.97	+3
Deutsche Bank	6	92	97½	6.68	-12
Deutsche Bank	5½	92	97⅛	6.76	+2
Deutsche Bk II	5½	93	94.050	6.84	+12
Deutsche Bk I	5½	93	96⅛	6.73	-7
Deutsche Bank	5	93	94⅛	6.87	+4
Deutsche Bank	5⅝	93	95.050	6.75	-11
Deutsche Bank	6	94	96⅛	6.92	+13
Deutsche Bank	5⅝	94	94.050	6.81	+2
Deutsche Bank	7	94	101⅛	6.69	-25
Deutsche Bank	6⅝	95	97½	6.80	-11
Deutsche Bank	5⅝	96	92⅛	7.01	+6
Draeger Fin	5⅝	93	93⅛	7.31	+47
Dresdner Bank	4½	92	94⅛	6.94	+20
Dresdner Bank	4	93	91⅛	6.73	-7
Dresdner Bank	5	93	93⅛	6.96	+18
Dresdner Bank	5⅝	94	95	n.a.	
Dresdner Bank	6	94	96⅛	6.90	-7
ECB Turkey	6⅝	96	96⅛	7.74	+93
EDF	8⅝	93	102⅛	7.32	+62
EDF	6⅝	96	96⅛	6.73	-22
EDF	5⅝	97	92⅛	6.81	-11
EDF	6⅝	98	95⅛	6.80	-5
ENEL	5⅝	91	100⅛	5.44	-186
East Asiatic	7⅝	91	100½	7.50	+66
East Asiatic	5½	92	95⅛	7.56	+96
East Asiatic	5⅝	93	93⅛	7.42	+72
Elkem	6⅝	92	96⅛	7.24	+51
Ensa Gutzeit	5	93	92⅛	7.32	+50
FFDI	6⅝	94	97⅛	6.87	+1
Forming	6⅝	94	94⅛	7.58	+71
Ferrovie Stato	8	97	100⅛	7.43	+16
Ferrovie Stato	5⅝	93	95⅛	6.87	+15
Fin Export	6⅝	98	96⅛	6.64	-21
Fin Real Est	6	92	96⅛	7.27	+70
Fin. Municipal	10	92	103⅛	6.86	-9
Finland	8	93	100⅛	7.22	+44
Finland	7½	91	101⅛	6.25	-101
Finland	7	92	100	6.97	+21
Finland	6½	95	99⅛	6.59	-35
Fokker	7½	96	101½	7.21	+26
Forsmarks	5⅝	95	99⅛	7.65	+126
Forsmarks	5⅝	93	93⅛	7.18	+40
Gaz De Fra	9⅝	92	102⅛	7.14	+53
German Public	5⅝	16	84⅛	7.20	+39
Grmn Stle A	5⅝	96	92⅛	7.05	+10
Grmn Stle B	5½	98	90.050	7.07	+18
Hafnia Invest	5⅝	93	93⅛	7.32	+51
Haindl	8	91	101⅛	7.24	-9
Haindl	7	97	99.050	7.15	+24
Haindl	6⅝	98	94⅛	7.31	+43
Hammerson	6	92	97⅛	7.31	+58
Hellenic	7½	96	100	7.49	+54
Heraeus	6⅝	94	95⅛	7.08	+14
Heraeus	6⅝	98	95⅛	7.21	+36
Heron	7⅝	95	96⅛	8.03	+108
Hispano Am	5⅝	93	94⅛	7.05	+19
Hoesch	6⅝	94	95⅛	7.25	+32
Hoesch	7	95	100	6.97	+4
Hoogovens	6	92	97	7.32	+68
Hoogovens	6⅝	93	97⅛	7.00	+15
Hoogovens	7⅝	95	101⅛	7.09	+17
Hoogovens	6⅝	98	94⅛	7.42	+52
ISS	8	89	99⅛	10.59	+438
ISS	6⅝	94	96⅛	7.25	+42
Iberduero	6⅝	94	96⅛	1.19	-563
Iceland	9¼	92	104⅛	-8.12	-440
Iceland	6⅝	97	95⅛	7.26	+34
Iceland	6⅝	98	95⅛	7.27	+44
Imatran Voima	5	93	93.050	7.21	+33
Imatran Voima	5⅝	94	93⅛	7.03	+18
Imatran Voima	6	98	92⅛	7.14	+25
Ind Bk Finland	6⅝	92	97⅛	7.37	+29
Int Invest Ins	6⅝	93	94⅛	7.11	+23
Interfinco	5⅝	94	94⅛	7.15	+24
Ireland Mar	8⅝	90	100⅛	7.38	+85
Ireland S.2	8⅝	90	100⅛	7.34	+65
Ireland	8⅝	91	101⅛	7.16	+16
Ireland	8⅝	91	102⅛	7.22	+18
Ireland	8⅝	91	102	7.24	+41
Ireland	8⅝	92	102⅛	7.15	+56
Ireland	8⅝	93	102⅝	7.04	-49
Ireland	6⅝	93	98⅛	7.13	+38
Ireland	8	94	103½	7.15	+24
Ireland	6⅝	95	96⅛	7.00	+10
Ireland	7⅝	95	101⅛	7.07	+17
Ireland	6⅝	95	99⅛	6.92	-3
Ireland	6⅝	96	97	7.06	+11
Ireland	5⅝	96	92⅛	7.10	+15
Ireland	6½	97	96⅛	7.16	+24
Ireland	6⅝	97	103⅛	7.15	+21
Ireland	6⅝	99	95⅝	7.22	+39
Ireland	7⅝	99	100⅛	7.21	+40
Jydsk Tel	6	95	95⅛	4.90	-2
Jydsk Tel	6⅝	95	98⅛	7.85	+10
Kaufhof	8⅝	92	102⅛	7.32	+73
Kickurt Humb	6½	96	96⅛	7.10	+16
Kymmn Strmb	5⅝	93	93⅛	7.48	+71
Lb Rhein-Pfalz	5	93	93⅛	7.82	+25
Lkb Ba-Wue	5⅝	93	93⅛	6.90	+1
Lkb Ba-Wue	6	98	93½	7.02	+13
London & Edin	7½	95	108	7.49	+54
Lonrho	8	91	100⅛	7.33	+51
Lonrho	7	96	97⅛	7.58	+62
Lufthansa	6⅝	94	96⅛	7.09	-1
Lufthansa	6⅝	94	95⅛	4.80	-13
Lufthansa	5⅝	98	97⅛	6.98	+5
Lufthansa	6⅝	98	97⅛	7.13	+22
Maxwell Com	7⅝	96	99⅛	7.12	+14
Megal Finance	7⅝	91	101	7.20	+14
Megal Finance	6⅝	94	101⅛	7.70	+83
Megal Finance	7⅝	97	101⅛	6.92	+1
Metro Estate	7	93	99⅛	7.51	+70
Michelin	7⅝	90	99⅛	7.69	+107
Midland Bk.	6⅝	96	96⅛	7.15	+21
Mo Och	6½	95	95⅛	7.54	+64
NIB	6	93	97½	7.19	+7
NIB X/w	4⅝	93	92⅛	7.39	+52
NIB	6⅝	94	98⅛	7.00	+18
NMB	6⅝	98	94⅛	7.15	+23
Nt Bk Hngry	7⅝	93	101⅛	7.27	+51
Nt Bk Hngry	7	93	98⅛	7.44	+48
Nt Bk Hngry	6⅝	94	96⅛	7.77	+93
Nt Bk Hngry	6⅝	94	96⅛	7.71	+78
Nt Bk Hngry	6⅝	95	97⅛	7.86	+95
Nt Bk Hngry	6⅝	96	94⅛	7.73	+78
Nt Bk Hngry	7⅝	96	98⅛	7.74	+79
Nt Bk Hngry	6⅝	96	95⅛	7.74	+79
Nt Hm Loans	5⅝	93	93⅛	7.30	+48
Nt Hm Loans	5⅝	95	94⅛	7.44	+49
Nat West	6	93	93⅛	6.98	+9
Neste Oy	6½	92	98⅛	7.09	+46
News Internatl	6⅝	93	96⅛	7.77	+112
Nokia Corp	5⅝	93	94⅛	7.38	+38
Nord Lb	6	93	96⅛	7.09	+32
Norddeut Ldbk	6	93	96⅛	7.02	-7
Norddeut Ldbk	6⅝	96	96⅛	7.23	-50
Norges Hypo	5	89	99⅛	9.71	+350
Norsk Hydro	6⅝	93	100⅛	6.75	-20
OELEG	6⅝	95	97⅛	7.00	-2
Olivetti	8⅝	91	101⅛	7.21	-1
Oslo	6½	96	102	6.21	-29
Pechiney	5⅝	96	97⅛	7.22	-31
Philips Glob	5	93	95	6.82	-11
Pk Banken	5⅝	93	94⅛	7.23	+48
Pk Banken	5⅝	93	95⅛	7.25	+48
Pk Banken	6⅝	96	96⅛	6.93	-2
Pk Banken	5⅝	96	92⅛	7.15	+20
Pohjola	6	93	94⅛	6.98	+16
Polly Peck Int	6	93	94⅛	7.87	+102
Portugal	7⅝	96	101⅛	7.25	+61
Portugal	7⅝	96	96⅛	7.02	+46
Portugal	5	93	94⅛	6.73	-15
Portugal	7	93	100.050	6.98	+21
Portugal	6⅝	94	100	6.62	-32
Portugal	6⅝	95	99⅛	6.62	-28
Portugal	6	95	94⅛	6.87	-2
Prudential Fin	6	97	93⅛	7.16	+24
Public Power	7⅝	93	100⅛	7.43	+69
Public Power	6⅝	94	96⅛	7.40	+48
Public Power	5⅝	95	93	7.40	+48
Rabobank	7⅝	94	102⅛	6.96	+5
Rank Xerox	7½	93	100⅛	7.36	+54

Japan to Speed Loan Disbursement in Mexican Aid Plan

Reuters

WASHINGTON — Japan has agreed to advance Mexico more than half of a $2.05 billion loan by January to help that country buy U.S. bonds as part of its debt-reduction plan, according to Japanese government officials.

The loans, already agreed to by Japan's governmental Export-Import Bank, were to have been disbursed in equal installments over the next three years. Now, a $1.4 billion lump sum from Japan will be disbursed by January.

Speaking after talks between President George Bush and Prime Minister Toshiki Kaifu, an official said, "We believe our latest decision will help Mexico implement its new debt-reduction package smoothly."

Under the plan suggested by the U.S. Treasury secretary, Nicholas F. Brady, who initiated a debt accord reached in July between Mexico and its creditor banks, Mexico would use the $1.4 billion to begin buying zero-coupon U.S. bonds, which would in turn secure 30-year Mexican bonds.

Under the agreement, banks have three options, one of which allows them to swap their Mexican loans for bonds at a 35 percent discount.

Under this plan, banks would swap their existing Mexican loans for new 30-year Mexican bonds at 65 percent of face value.

To collaterize its new bonds, Mexico is to buy 30-year zero-coupon U.S. government securities. These bonds do not pay interest, but are sold at a deep discount to face value. When they mature, the money will be used to pay off the new Mexican bonds.

U.S. Treasury officials have said they expect Mexico, using money from Japan as well as the International Monetary Fund and the World Bank, to spend about $3 billion to buy zero-coupon U.S. bonds with a face value of $40 billion.

■ Menem to Cut Taxes

Argentina's president, Carlos Saúl Menem, promised to scrap capital gains taxes and export duties to boost industrial output, and he called on businessmen to forge "a new alliance between capital and workers," Reuters reported from Buenos Aires.

Mr. Menem, who faces Argentina's worst-ever economic crisis, announced that duties on industrial exports would be gradually cut to 16 percent from 20 percent this year.

"During the past 20 years, Argentina has suffered a virtual civil war, it almost went to war with a neighbouring country, it spent 15 years with high inflation and suffered a bout of hyperinflation," Mr. Menem said.

Bonds Rally on U.S. Economic Data

Compiled by Our Staff From Dispatches

NEW YORK — U.S. bond prices rose last week, primarily in response to a report from the National Association of Purchasing Management showing U.S. economic growth slowed in August for the fourth straight month.

The U.S. Treasury's benchmark long bond, the 8⅛ percent issue that matures in 2019, closed at 100 1/32 to yield 8.12 percent, up in price from 99 15/32 to yield 8.17 percent a week earlier.

The purchasing managers group said its index fell to 45.2 percent last month from 46 percent in July, the lowest reading since December 1982. A reading below 50 generally indicates the manufacturing segment of the economy is experiencing a decline in growth.

Also on Friday, the Labor Department reported that the U.S. unemployment rate remained at 5.2 percent in August, with total nonfarm employment rising by 110,000.

Analysts generally disagreed as to how much weight to give each report and how the data would affect Federal Reserve Board credit policies.

The purchasing managers report "suggested that both manufacturing activity and prices at the producer level are going to be quite weak going ahead," said Ward McCarthy, a managing director of Stone & McCarthy Research Associates Inc.

But William Sullivan, director of money market research for Dean Witter Reynolds Inc., said traders should have paid more attention to the unemployment data.

The purchasing managers report "is an extremely narrow snapshot of the manufacturing sector in contrast to employment, which is a broad-based picture of the U.S. economy," including the service, financial and other industries, Mr. Sullivan said.

"The bottom line of the employment report is that the Fed policy is on hold," he said.

However, Robert Brusca, chief economist with Nikko Securities Co. International, found weakness in the unemployment report, noting among other things that it showed a decline in worker hours.

Mr. Brusca also said there was evidence of a slowing economy in other recent statistics, including Thursday's government report that factory orders fell 1.7 percent in July. "I think the reaction in some sense was on target," he said of the rise in bond prices.

Analysts at Merrill Lynch & Co. said in the firm's weekly market commentary that the data were not conclusive enough to prompt the Fed to make any change in policy.

"In combination, the orders, employment and purchasing managers data describe an economy that has downshifted somewhat, but not sufficiently to prompt the Fed to ease again during the next few weeks," Merrill Lynch said.

Among other Treasury securities last week, 10-year government notes closed with a yield 8.17 percent, down from 8.23 a week earlier.

In the short-term markets, rates on three-month Treasury bills eased to 7.82 percent from 7.95 percent a week earlier.

Analysts said with U.S. financial markets closed for the Labor Day holiday on Monday, the market should be relatively quiet this week.

"Moving sideways is the most likely scenario," said Kevin Flanagan, an economist with Dean Witter Reynolds Inc.

The market will not be helped much by fresh economic data this week, economists said. Few major economic indicators of market moving potential will be released.

(AP, UPI, Reuters)

U.S. CREDIT MARKETS

U.S. Consumer Rates

Sept. 1

Tax Exempt Bonds	
Bond Buyer 20-Bond Index	7.35 %
Money Market Funds	
Donoghue's 7-Day Average	8.64 %
Bank Money Market Accounts	
Bank Rate Monitor Index	6.46 %
Home Mortgage, FHLB average	10.22 %

Source: New York Times.

Treasury Bonds

Sept. 1

Maturity	Close Bid	Close Ask	Yield	Wk.-ago yield
31.08.91	99 28/32	99 30/32	8.32	8.33
15.08.92	98 31/32	99 1/32	8.27	8.32
30.06.93	99 18/32	99 20/32	8.26	8.30
15.11.94	100 10/32	100 12/32	8.16	8.24
15.07.96	98 10/32	98 12/32	8.20	8.25
15.08.99	98 27/32	98 29/32	8.17	8.23
15.02.06	110 4/32	110 6/32	8.25	8.29
15.08.19	100	100 2/32	8.12	8.17

Source: Salomon Inc.

Euromarts At a Glance

Eurobond Yields

	Aug. 30	Aug. 23
U.S. $, 8 yrs & over	9.03	8.99
U.S. $, 5 to 7 yrs	9.07	8.89
U.S. $, less than 5 yrs	8.78	8.67
Pounds sterling, less than 5 yrs	11.58	11.39
French francs, less than 5 yrs	8.83	8.89
Ital. lire, less than 5 yrs	11.48	11.47
Danish krona, less than 5 yrs	9.69	9.58
ECU, 8 yrs & over	8.61	8.55
ECU, 5 to 7 yrs	8.58	8.55
Can. $, less than 5 yrs	n.a.	—
Aus. $, less than 5 yrs	15.91	15.84
N.Z. $, less than 5 yrs	13.18	13.11
Yen, 5 to 7 yrs	5.35	5.45
Yen, less than 5 yrs	5.30	5.36

Source: Luxembourg Stock Exchange.

Weekly Sales

Sept. 1

Primary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	132.20	463.10	1,785.70	665.80
Convert.	—	43.50	—	—
FRNs	—	4.50	272.00	353.90
ECP	1,868.00	235.20	9,482.80	1,119.40
Total	2,001.20	746.30	11,540.50	2,139.10

Secondary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	3,197.60	6,766.58	13,559.50	6,728.40
Convert.	312.80	714.70	751.20	632.60
FRNs	411.80	1,024.20	3,274.80	3,315.30
ECP	2,530.10	502.00	2,202.10	954.50
Total	6,452.30	9,007.48	19,787.60	11,630.80

Source: Euroclear, Cedel.

Libor Rates

Sept. 1

	1-month	3-month	6-month
U.S. $	9	9	9
Deutsche mark	7 3/16	7¼	7⅜
Pound sterling	14 1/16	14 1/16	14
French franc	9	9¼	9¼
ECU	9 9/16	9¾	9¾
Yen	5 11/16	5 9/16	5 9/16

Source: Morgan Guaranty, Lloyds Bank, Reuters.

New International Bond Issues

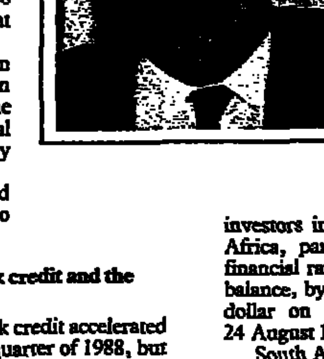
Compiled by G. Jennifer Shapiro

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FLOATING RATE NOTES						
Amsterdam Rotterdam Bank	DM 250	1999	1/16	100	—	Semiannual. Over the 6-months Libor. Callable at par in 1994. Fees 0.20%. Denominations 10,000 Deutsche Marks. (Trinkaus & Burkhardt.)
European Investment Bank	DM 150	2006	0.15	100	—	Semiannual. Under the 6-months Libor. Callable at par in 1999. Fees 0.20%. Denominations 10,000 Deutsche Marks. (Salomon Brothers.)
CMS No 2 PLC	£ 250	2024	0.18	100	—	Over the 3-months Libor. Callable at par in 1994. Fees 0.15%. Denominations £10,000. (Warburg Securities.)
Nationwide Anglia Building Society	£ 75	2004	0.375	100	—	Over the 3-months Libor for the first ten years then pays 0.10 basis points over the 3-months Libor. Callable at par in 1994. Fees 0.40%. Denominations £10,000. (Credit Suisse First Boston.)
FIXED-COUPON						
KFW International Finance	$300	1994	9	100	100.25	Noncallable. Fees 0.325%. (Deutsche Bank Capital Markets.)
Turkey	$200	1999	10¼	100	99.25	Callable at par in 1994 and puttable at par 1996. Fees 2%. (J.P. Morgan Securities.)
African Development Bank	DM 200	1999	7¼	101½	99.90	Noncallable. Fees 2%. (Deutsche Bank AG.)
Japan Finance Co. for Municipal Enterprises	DM 150	1999	6⅞	101¾	98.85	Noncallable. Fees 2½%. (Deutsche Bank AG.)
European Investment Bank	£ 100	1999	10½	100.80	—	Noncallable. Fungible with a £100 million bond issued in June 1989. Fees 2%. (UBS & Phillips & Drew Securities.)
National Westminster Bank	£ 100	1992	12	101.30	99.15	Noncallable. Fees 1⅞%. (Natwest Capital Markets.)
Bacob Overseas	ECU 75	1992	9	101¾	101.00	Noncallable. Fees 1⅞%. (Merrill Lynch Int'l.)
Japan Development Bank	ECU 200	1997	8⅝	101⅜	99.225	Noncallable. Fees 2%. (Crédit Lyonnais.)
Long-Term Credit Bank of Japan	ECU 75	1993	8⅝	101½	99.75	Noncallable. Fees 1⅝%. (LTCB Int'l.)
SBC Finance (Cayman Isl.)	ECU 125	1994	8¾	102.05	—	Noncallable. Fees 1⅞%. (Swiss Bank Corp.)
TOTAL, Cie Française de Petroles	ECU 50	1994	9	102	100.05	Noncallable. Fees 1⅞%. (Sumitomo Finance Int'l.)
Industrial Bank of Japan	FF 500	1994	8¾	101.30	99.60	Noncallable. Fees 1⅞%. Denominations 10,000 French Francs. (Société Générale.)
Interfinance Credit National	FF 250	1996	8⅞	101⅞	—	Noncallable. Fungible with a 750 million French Franc bond issued in July 1989. Fees 1⅝%. Denominations 10,000 French Francs. (Crédit Commercial de France.)
Finance for Danish Industry	SK 350	1994	11⅛	101⅝	99.625	Noncallable. Fees 1⅞%. Denominations 10,000 Swedish Crowns. (Privatbanken A/S.)
Finance for Swedish Industry	SK 350	1994	11¼	101¾	99.50	Noncallable. Fees 1⅞%. Denominations 10,000 Swedish Crowns. (Svenska Int'l.)
GMAC Continental	SK 200	1992	11¼	101½	100.00	Noncallable. Fees 1⅝%. (Bankers Trust Int'l.)
Union Bank of Finland	SK 300	1991	11¼	101¼	100.12	Noncallable. Fees 1⅝%. Denominations 10,000 swedish crowns. (Union Bank of Finland.)
European Coal & Steel Community	ITL 200,000	1996	11½	100¼	98.40	Noncallable. Fees 1⅞%. Denominations 5 million lira. (Banca Nazionale del Lavoro.)
Australian Industry Development Co.	Aus$ 75	1999	13¾	101⅝	99.625	Noncallable. Fees 2⅛%. (Commerzbank AG.)
Commonwealth Bank of Australia	Aus$ 100	1999	13¾	101⅝	99.625	Noncallable. Fees 2⅛%. (Deutsche bank Capital Markets.)
New South Wales Treasury Co.	Aus$ 100	1999	11½	90.727	—	Noncallable. Fungible with a 70 million Australian dollar bond issued in June 1989. Exchangible for an identical domestic bond. Fees 2⅛%. Denominations 10,000 Australian dollars. (Bain Securities.)
EQUITY-LINKED						
Bandai Co.	$100	1993	open	100	103.50	Coupon indicated 4⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Sep. 4. (Daiwa Europe.)
Ishihara Sangyo Kaisha	$250	1993	3½	100	100.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 908 yen per share a 2.59% premium. Fees 2¼%. (Yamaichi Int'l Europe.)
Nippon Light Metal Co.	$300	1993	3½	100	101.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 947.20 yen per share and at 144.15 yen per dollar. Fees 2¼%. (Nomura Int'l.)
Nissan Diesel Motor Co.	$200	19935	3⅝	100	102.25	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,107 yen per share and at 144.15 yen per dollar. Fees 2¼%. (Daiwa Europe.)
Noritake Co.	$100	1993	3⅜	100	101.75	Coupon indicated at 4⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. (Yamaichi Int'l. Europe.)
Oki Electric Industry Co.	$300	1993	3¼	100	100.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,118 yen per share and at 146.05 yen per dollar. Fees 2¼%. (Yamaichi Int'l. Europe.)
Toho Rayon Co.	$100	1993	3⅜	100	102.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,128 yen per share a 2½% premium. Fees 2¼%. (Daiwa Europe.)
Tokyo Marine & Fire Insurance Co.	$500	1993	3½	100	—	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 2,163 yen per share and at 144.15 yen per dollar. Fees 2¼%. (Nikko Securities Europe.)
Itoman & Co.	DM 100	1993	open	100	105.50	Coupon indicated at 1⅛%. Noncallable. Each 1,000-mark note with one warrant exercisable into company's shares at an expected 2½% premium. Terms to be set Sep. 7. Fees 2¼%. (Dresdner Bank.)
Rhythm Watch Co.	DM 100	1993	1¼	100	109.00	Noncallable. Each 1,000-mark note with one warrant exercisable into company's shares at 863 yen per share and at 74.49 yen per Deutsche Mark. Fees 2¼%. (Dresdner Bank.)
Yamatane Co.	DM 150	1993	open	100	104.00	Coupon indicated at 1⅛%. Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Terms to be set Sep. 5. Fees 2¼%. (Nomura Europe.)

SOUTH AFRICAN RESERVE BANK

"ECONOMIC ADJUSTMENT FOR FUTURE GROWTH"

Extracts taken from the address by Dr C. L. Stals, Governor of the South African Reserve Bank, at the sixty-ninth ordinary general meeting of shareholders of the Bank on 29 August 1989



DOMESTIC ECONOMIC DEVELOPMENTS

Topping-out of economic upswing

From the calendar year 1987 to the calendar year 1988, the total South African demand for goods and services expanded at a vigorous rate with the result that total real gross domestic expenditure was 7 per cent higher in 1988 than in 1987. Real gross domestic product increased at a more modest but also relatively high rate and in 1988 exceeded its counterpart in 1987 by somewhat more than 3 per cent.

A slowdown to an annualised growth rate in real gross domestic product of slightly more than 1½ per cent was, however, recorded from the second half of 1988 to the first half of 1989. Real gross domestic expenditure moved essentially sideways from the second quarter of 1988.

Movements in domestic output and expenditure suggest that the upswing is likely to have peaked in late 1988 or early 1989.

Sustained rapid but decelerating growth of bank credit and the money supply

The growth rates in the money supply and in bank credit accelerated from the second quarter of 1987 up to the third quarter of 1988, but receded significantly thereafter. The quarter-to-quarter rate of increase in M3 in seasonally adjusted and annualised terms, reached a high point of 29,5 per cent in the third quarter of 1988 before retreating to 17,0 per cent in the second quarter of 1989. Similarly, the seasonally adjusted and annualised quarter-to-quarter rate of increase in all monetary institutions' claims on the private sector declined from 33,2 per cent in the third quarter of 1988 to 13,0 per cent in the second quarter of 1989.

Inflation turns up

Inflation as measured by the year-to-year increase in the annual average consumer price index slowed down from 18,6 per cent in 1986 to 16,1 per cent in 1987 and to 12,9 per cent in 1988, but accelerated to an average level of 14,3 per cent in the first half of 1989 compared with the first six months of 1988.

The rate of increase in the overall production price index likewise slowed down from 19,6 per cent in 1986 to 13,9 per cent in 1987 and to 13,2 per cent in 1988. It then accelerated to 15,3 per cent in the first six months of 1989 compared with the first six months of 1988.

BALANCE OF PAYMENTS DEVELOPMENTS

Current account surpluses maintained

As was to be expected in the third year of an economic upswing, the surplus on the current account declined in 1988 and the first half of 1989, namely from R6,2 billion (or 3,7 per cent of gross domestic product) in 1987 to only R2,9 billion (1,5 per cent of GDP) in 1988, and to an annualised level of R2,3 billion (1,1 per cent of GDP) in the first half of 1989.

Further large outflows of capital

The markedly improved position on the capital account of the balance of payments during 1987 and the first quarter of 1988 was not sustained during the remainder of 1988 and the first half of 1989. The total outflow of non-reserve-related capital rose from R3,1 billion in 1987 to R6,5 billion in 1988 and amounted to R2,9 billion in the first half of 1989.

Continued pressure on the exchange rate and the foreign reserves

Having strengthened mildly through 1987, the effective exchange rate of the *commercial rand* weakened through the first ten months of 1988 and again from approximately the middle of January 1989 to the middle of June 1989. After a slight recovery up to 2 August 1989, the effective exchange rate declined again during August. The decline in the effective exchange rate from the beginning of 1988 to 24 August 1989 amounted to 20,4 per cent.

The *financial rand* strengthened against the dollar by nearly 50 per cent in 1987 and by a further 15,5 per cent up to mid-March 1988 while the discount against the commercial rand dropped from 40,7 per cent to 29,2 per cent over the same period. This improvement seems to have been mainly due to considerable interest by overseas investors in non-listed industrial and other investments in South Africa, particularly since the broadening of the application of financial rand on 8 August 1986. The financial rand weakened, on balance, by 27,0 per cent from the beginning of 1988 to R4,26 per dollar on 10 May 1989, and further to R4,37 per dollar on 24 August 1989.

South Africa's total gross gold and foreign reserves declined, on balance, from R8,7 billion (US$4,2 billion) at the end of August 1987 to R8,2 billion (US$3,9 billion) at the end of March 1988 and further to R7,4 billion (US$2,7 billion) at the end of June 1989.

MONETARY AND FINANCIAL POLICY

Anti-inflationary policy

Following the progressive improvement in the domestic economy during the course of 1988, the monetary authorities recognised the emerging danger of a new escalation in inflation. Prices already started to rise more rapidly early in 1988. With a new phase of economic consolidation underway, the main emphasis of monetary policy is now directed towards the curtailment of inflation.

There is no easy solution to the problem of inflation. In terms of the Government's anti-inflation programme, the attack against inflation must be on a wide front, spearheaded by restrictive monetary and fiscal policies. The time is now opportune for a serious launching of this attack. The Government has already declared its intentions to address the deficiencies of fiscal policy. Increases in Government expenditure must accordingly be strictly controlled; the deficit before borrowing must be reduced to eliminate dissaving by the Government; the role of the public sector in the total economy must be reduced; while the efficiency of public sector expenditure should be improved through privatisation and deregulation.

As far as monetary policy is concerned, it is imperative that increases in the money supply should as soon as possible be brought within the declared target range of 14 – 18 per cent; positive real rates of interest should be maintained; and the country's foreign reserves should be strengthened to afford the authorities more freedom of action in the management of the exchange rate of the rand.

Balance of payments adjustment policy

Changes in South Africa's international economic relations since 1985 forced certain structural adjustments on the economy which could only be accomplished through some sacrifices in terms of the domestic economic development process. The withdrawal of foreign loan finance necessitates that the current account of the South African balance of payments should always be in surplus, even during the expansionary phases of the domestic business cycle. This inevitably means accepting, for the time being, a lower growth rate than would have been the case under normal circumstances.

During the past four years, i.e. since the middle of 1985, good progress has been made on the difficult road of economic adjustment. Throughout the expansionary phase from April 1986 to December 1988, and also in the first six months of the subsequent consolidation period, the current account remained in surplus. South Africa was therefore able to continue to service its foreign debt in accordance with the First and Second Interim Debt Arrangements with its foreign creditors.

In the economic adjustment process the exchange rate played a major role. A substantial depreciation of the rand over this period undoubtedly served to foster the competitiveness of South African exporters and, at the same time, provided additional protection to local import-competing industries.

Structural adjustment is not confined to the current account of the balance of payments only. South Africa's foreign debt is also in the process of being restructured in terms of the total outstanding amount and eventual maturities. The total foreign debt, measured in terms of current exchange rates, has been reduced from US$23,7 billion at the end of August 1985 to US$21,2 billion at the end of 1988. Only US$9,1 billion of this latter amount was still subject to the restrictions of the debt standstill arrangements, compared with US$13,6 billion at the end of August 1985.

The process of economic adjustment has not yet been completed. The continuing relatively large outflow of capital dictates the need for a continuation of restrictive monetary and fiscal policies. There also remains an urgent need for South Africa to replenish its foreign exchange reserves. The advantages to be gained from a higher level of foreign reserves are obvious. It will make the management of the economy, and in particular of the foreign exchange rate, more effective. These advantages make an investment in additional foreign reserves a logical option for the country at this stage.

Monetary policy

Against the background of the domestic and international financial and economic developments over the past eighteen months, the Reserve Bank seeks no further vindication for its restrictive policy approach over this period. The Bank indicated its resolve to avoid any major deterioration in either the internal or the external financial stability of the country by increasing its Bank rate from 9,5 to 10,5 per cent on 9 March 1988, and followed this up by five further upward adjustments in Bank rate to its present level of 17,0 per cent.

In retrospect the Bank is of the opinion that a more aggressive tightening of monetary policy, especially in the first half of 1988, would have avoided some undue strains on the foreign reserves and the exchange rate of the rand in the latter half of that year. In the event, speculation became rife towards the middle of last year that South Africa would not be able to meet all its commitments in terms of the foreign debt standstill arrangements. However, the subsequent further tightening of both fiscal and monetary policies allayed these fears.

The need remains for a continuation of a restrictive monetary and fiscal policy approach. We would be neglecting our responsibilities if we were to allow the extension of bank credit, the money supply and total spending in the economy, to expand unchecked. An easier monetary policy stance at this stage could easily lead to more inflation, serious balance of payments problems and the eventual erosion of financial stability.

A successful anti-inflationary monetary policy requires strict financial discipline, not only in times of expanding demand, but also in the recession phases of the business cycle. There is an essential longer-term need for interest rates to be durably positive in real or inflation-adjusted terms.

Bank and building society supervision

Monetary policy in South Africa is conducted mainly by means of market-oriented measures. A pre-condition for the successful application of such measures is that markets should exist where normal demand and supply conditions function properly, and where market results respond sensitively to changes in the underlying conditions.

Sound basic macro-economic policies that promote financial stability are needed for the protection and for the retention of the market system. In addition, wherever possible, market structures must be improved by removing unnecessary impediments, by deregulation and by increased competition.

Since April 1987, when the Reserve Bank assumed responsibility for bank and building society supervision, the Office of the Registrar of Banks and Building Societies took various steps to improve the existing financial structure. The Banks Act will be further revised in the coming year to provide, amongst other things, for the establishment of a more level "playing field" for banking institutions and building societies relative to other financial organisations and institutions. Further attention will also be given to an improvement of sound internal management and control systems, and to the provision of appropriate management and accounting information within the institutions concerned.

CONCLUDING REMARKS

The year to June 1989 marked the end of an upswing in the South African economy that commenced early in 1986, remained fairly mild throughout the first two years of its existence and then showed considerable vigour throughout the calendar year 1988. In retrospect, the year 1988 proved to be a relatively good one for the economy. In that year we succeeded in finding a combination of:

- an increase in the domestic economic growth rate, as measured in terms of the real rate of increase in gross domestic product, or in gross national product or in gross domestic expenditure;
- a lower rate of inflation as measured in terms of the changing consumer and producer price indices compared with the preceding year; and
- the maintenance of a smaller but still reasonable surplus on the current account of the balance of payments.

These favourable developments were, unfortunately, marred by two less favourable developments which led to an early conclusion that it would be unwise to allow the major economic trends of 1988 to continue on an unrestricted basis into 1989. These unfavourable developments were:

- an unacceptably high rate of expansion in bank lending to the private sector to finance the increased spending, both of a consumer and investment nature. The unduly large increase in bank lending caused the money supply to increase at a much faster rate than provided for in the Reserve Bank's money supply targets; and
- a disappointingly large net outflow of capital which continued despite the more buoyant domestic economic conditions and a relatively large increase in the total foreign trade turnover.

Against the background of these developments, various stresses and strains showed up in the more vulnerable areas of the economy:

- although remaining positive the surplus on the current account of the balance of payments declined and the foreign reserves have now reached an uncomfortably low level;
- the exchange rate weakened and a further depreciation of the rand exerted upward pressure on domestic prices; and
- the inflation rate has been accelerating.

Given these circumstances monetary and fiscal policies were progressively tightened, mainly with the objective of reducing the high rate of increase in domestic demand. The Reserve Bank's contribution came mainly from a more restrictive approach on its policy of providing accommodation to the banking system, with the result that interest rates rose sharply.

A number of reasons remain, however, which militate against any premature relaxation of the current restrictive policy approach. Problems such as the rising trend in inflation, the low level of the country's foreign reserves, the still excessive rates of increase in bank credit extension to the private sector, rises in the money supply at rates that are still above the upper limit of the Bank's accepted target range and the high level of public sector expenditure need further consolidation before any restimulation of the economy can be justified.

The Reserve Bank is therefore of the opinion that the consolidation phase in the economy should continue for the rest of 1989 and, if necessary, at least throughout the first half of 1990. South Africa now has a great opportunity to establish a sound base for future economic growth. Over the past eighteen months, the economy proved its resilience and surprised many observers, inside and outside the country, with a laudable performance despite the many constraints placed on it. A few weaknesses were, nevertheless, revealed. Now, in this period of consolidation, it is incumbent on us to attend to these weaknesses.

Penrose Financial A3740b

NASDAQ National Market

OTC Consolidated trading for week ended Friday. Aug. 31

A

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
A&W Bd			2410	29¼	27½	27¾	—1
ABS s	.32	4.3	227	8¼	7¼	7½	+ ¼
ABQ			18	1¾	1½	1½	
ACC Cp	.12	1.7	1551	7⅝	6⅞	7⅛	+ ⅞
ADC			894	16¼	15½	15¾	
ADT			12675	32⅞	31½	32⅛	+ ¾
AEL			193	8	7	7	— ½
AEP			517	20½	17	20¼	— ½
AIM Tel			48	3¾	3½	3½	— ⅜
AIRCOA			5	3½	3½	3½	
ALC h			2292	3⅝	3⅜	3⅜	— ⅛
AME			1049	12¼	12	12¼	
ASK			4968	10⅝	10	10½	+ ¼
AST			5911	8½	7½	8⅜	+ ½
AamRt	.10	.7	88	13½	13	13⅜	
AbingB	.32	3.8	208	8½	8	8½	+ ¼
AbeLinc	.20e	.9	598	22½	18	21¼	+2¼
Abram s	.20	4.3	18	4¾	4⅝	4⅝	— ⅛
Acodin			7424	1⅝	1	1⅜	+ ⅛
Accel			100	7⅜	7	7¼	+ ¼
Aceptin			229	21⅞	19	20⅞	+2⅜
Aclaim s			6457	7½	6⅞	7¼	+ ⅛
Acl wtB			749	1⅝	1⅜	1⅜	+ ⅛
Aceto	.14b	1.0	144	15	14½	14½	— ½
ACMT			22	9½	9¼	9¼	— ¼
AcmeSt	.05e	.3	3187	20½	18⅛	19½	+ ¼
ActARt s			4887	17¼	16⅝	17	+ ⅛
AclnSv	.32e	2.6	109	12½	12	12½	+ ¼
ActAuSt			75	5½	5¼	5⅜	+ ⅛
Acxiom			759	17¾	17	17¾	+ ¾
AdacLb	.16	3.7	8820	4½	4⅜	4⅜	— ⅛
Adage			759	1⅝	1⅛	1½	— ⅛
Adapt			4085	15½	13⅞	15	+1⅛
Adingt s			4969	21	19¼	20⅞	+1⅝
AdiaSv	.14	.5	2134	26¾	25½	26¼	+ ⅝
AdobeS s	.141	.6	7648	26	24¾	25	—1
Adtec			135	3⅛	2¾	3	
AdvCir			1633	7⅝	6½	6¾	
AdvRos			179	11½	10¼	10¼	— ¾
AdvMag			107	11¼	10¼	11¼	+ ⅛
AdMkSv			489	14	13¼	13¼	— ¼
AdvPoly			5146	6⅞	6½	6⅝	— ⅛
AdvSem			260	7½	6¾	7	— ½
AdvTel			3485	26	24⅝	25	+ ⅛
Advanta			232	9¾	9¼	9¾	+ ¼
AdvoSv			2587	9⅝	8⅞	9⅝	+ ⅛
Aequitrn			740	2½	2⅛	2½	+ ¼
Aegon	1.27e	2.6	1751	49⅞	49	49	—1⅜
AerSysl			281	1¾	1⅛	1⅛	— ⅛
AllBcCp	.32	4.9	455	7	6½	6½	— ⅛
AllBsh			228	13½	12½	13½	+ ⅛
AgncyR			9569	17½	15¾	16¾	— ¾
Agnico g	.20	2.4	741	8¾	8¼	8½	— ⅛
Agourn			285	12½	11½	12½	
AirMd			1100	8⅛	7½	7⅝	— ⅜
AirWisc	†		5749	14¼	13½	14	
Airind			16	2⅜	2⅜	2⅜	— ⅛
Airtran	.16	1.7	914	9½	9⅛	9½	
Akorn	.06a	3.1	712	1	1¾	1	
Akzo	1.151	3.5	2047	33⅛	32⅜	32⅜	— ½
AlamBc	.60	3.2	37	19¼	18½	18½	—1¼
Alaten	1.10	9.7	296	12½	11¼	11⅜	—1
AlcoHlt			159	27	26½	27	+ ¼
Aldus			2874	13¼	12¼	12½	—1¼
AlexBr	.16	1.2	2490	14½	13¼	13⅝	+ ⅛
AlexBld	.80	2.1	3903	37½	36¾	37¼	+ ¼
AlfaCp	.36	3.2	708	11¼	10½	11¼	+ ¾

C

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
CB T s	.34	2.3	278	15¼	14¾	14¾	— ½
CB&T F	.60	3.7	68	16¼	15¾	16¼	+ ½
CCA			767	1¼	1⅛	1⅛	— ⅛
CCAIR			656	7½	7¼	7⅜	+ ⅛
CCB s	1.44	3.6	715	40½	39½	40½	+1
C COR s			1555	15	12¾	15	+2¼
CCNB	.68	3.2	3842	21¼	21	21⅛	+ ⅛
CEM s			2605	9⅝	9½	9⅛	+ ⅛
CFI St			336	4½	4¼	4¼	— ⅛
CFS	.40e	2.3	451	17¾	17	17⅛	+ ⅛

(Continued on next page)

WORLD STOCKS IN REVIEW / *Via Agence France-Presse*

Amsterdam

Prices fell in an uncertain atmosphere before the Sept. 6 general election. The Kempen & Co. brokerage said it expected the uncertainty to continue until then.

The ANP-CBS index finished at 190.90, down from 195.30 the previous Friday, while volume rose to 7.0 billion guilders from 6.7 billion. Most of the loss came Monday, when the index fell to 190.80. The steel concern Hoogovens closed that day at 92.50 guilders, down 15, after reporting disappointing six-month results.

Frankfurt

Prices closed generally higher, despite downward pressure from concerns of higher interest rates and fears over the continued climb of the dollar.

The DAX 30-share index closed Friday at 1,608.33, up 3.95 points from the previous week, while the Commerzbank index gained 13.1 points, rising to 1,995.7. Volume declined to 25.24 billion Deutsche marks from 27.83 billion.

Wall Street's poor performance Tuesday, uncertainty on interest rates, fears of a dollar surge and depression of the bond market dampened sentiment. The market recovered Friday following encouraging remarks by the Bundesbank president, Karl Otto Pöhl.

Overseas demand was strong in some sectors, with the paper concern Feldmühle Nobel gaining 36.8 marks, to 456.5, amid speculation that VEBA, which already has 46 percent of its shares, would attempt to take control.

Hong Kong

Trading was lethargic and marked by continuing concern over events in China. The Hang Seng Index lost 7.87 points during the four-day trading week (the market was closed Monday), to close at 2,508.91, after sliding 56.38 points the previous week.

Average daily turnover contracted sharply, to 500 million Hong Kong dollars from the previous week's 692 million.

The Hang Seng lost 28.84 points Tuesday and prices see-sawed thereafter.

London

The market recovered in the latter part of the four-day week, shortened by Monday's holiday, to send the FTSE 100-share index above the psychologically important 2,400 mark. The index closed the week 10.1 points higher, at 2,407.5.

BAT Industries lost ground as more hurdles were placed in the way of Hoylake's £13.4 billion bid for the conglomerate.

The chain-store group, Storehouse, moved ahead strongly on Tuesday after high turnover in its shares prompted rumors of stake-building. United Biscuits also climbed after the U.S. takeover specialist, Kohlberg Kravis Roberts & Co. sought permission to build a stake of up to 15 percent.

Milan

Milan stocks lost their zip after enjoying a strong August run-up. The Mediobanco index finished at 336.06, up slightly from 334.48 the previous Friday, while the Comit indicator inched up to 734.12 from 731.26.

Volume was stable at around 320 billion lire.

With the exceptions of Fiat, up 2.77 percent, and Ferfin, up 1.30 percent, blue chips generally weakened. CIR, Olivetti, Pirelli and Stet lost ground.

Paris

Prices on the Bourse hit a record high, buoyed by special situations and by good prospects for the French economy.

The SBF index — formerly known as the CAC — reached a record 526.5 on Friday, up from 523.2 a week earlier.

A shadow was cast by the poor trade figures for July, while economic growth slowed to 0.7 percent in the second quarter. But analysts said growth was likely to pick up.

Analysts said the market did not seem overvalued. The average price/earnings ratio is 13.9 times prospective 1989 earnings and 12.7 times 1990 estimates made by the brokerage Didier Philippe.

Singapore

Trading was lackluster, with most institutional investors on the sidelines. The Straits Times industrial index gained 8.55 points on the week, to close at 1,363.73 Friday, after losing 26.31 points the previous week. The SES all-share index added 1.5 points, ending at 359.70.

Weekly volume fell to 311.6 million shares from 517.6 million.

The market opened weak, but a spate of mid-week institutional buying lifted prices, though trading remained dull.

Tokyo

Prices fell for the second week in a row on the Tokyo Stock Exchange as the dollar topped the 145-yen mark for the first time in two-and-a-half months.

The Nikkei average of 225 blue chips, which lost 323.21 yen the previous week, fell 391.71, closing Friday at 34,348.22. The Topix index lost 20.19 points, to 2,602.51.

Average daily volume rose to 539.3 million shares from 452.1 million.

Lower bond-futures prices and continuing high interest rates weighed on investors' minds, keeping many institutions away from the market.

Analysts said the market was losing its sense of direction and that many institutional investors were seeking quick profits.

Zurich

Prices fell in what analysts called a technical reaction to earlier gains. The Crédit Suisse index ended at 663.5 on Friday, down from 679 a week earlier, and the Swiss Bank Corp. indicator eased to 704.4 from 713.9.

However, analysts said market prospects remain good.

Industrials and food stocks resisted the trend better than banks and chemicals.

Foreign stocks were generally stable.

Midland Bank Plans U.S. Stock Issue

Compiled by Our Staff From Dispatches

LONDON — Midland Bank PLC has taken initial steps toward issuing preferred shares in the United States worth $500 million, with the aim of strengthening its capital structure.

Britain's fourth-largest commercial bank said Saturday it had submitted the required authorization requests to the U.S. Securities and Exchange Commission, and a special shareholders meeting has been called for Oct. 2 to approve the plan.

Such preferred-stock issues in the United States have become a favorite approach for British banks during the last few years as a means of increasing their capital, weakened by provisions set aside for doubtful claims in Third World countries.

(AFP, Reuters)

Boesky Trader Acted on Milken's Instructions

By David A. Vise
Washington Post Service

WASHINGTON — The senior trader who worked for the U.S. stock speculator Ivan F. Boesky often executed trades based on instructions he received directly from the Drexel Burnham Lambert Inc. financier Michael R. Milken, according to a confidential Securities and Exchange Commission memorandum prepared in May 1988.

Mr. Milken has been charged with civil and criminal violations related to an alleged stock-trading arrangement with Mr. Boesky that involved insider trading, stock-price manipulation, rigging corporate takeovers and other violations. He has asserted his innocence and vowed to fight the charges at trial.

According to the SEC memo, Michael Davidoff, who was Mr. Boesky's senior trader, bought and sold securities in Mr. Boesky's account after talking by phone with Mr. Milken.

The purpose of the transactions, the memo said, was to reward Mr. Boesky for trading favors he had done for Drexel and Mr. Milken. While Mr. Milken has asserted his Fifth Amendment right against self-incrimination and declined to testify, Mr. Boesky and Mr. Davidoff, both of whom have pleaded guilty to criminal charges, are cooperating with the government in its prosecution of Mr. Milken.

The SEC's account of the Milken-Davidoff conversations indicates that the government has witnesses other than Mr. Boesky who could testify that they had direct dealings with Mr. Milken as part of the alleged arrangement.

"In the first half of 1985, Milken arranged a number of payment trades," the memo said. "Usually the trades were executed between Milken and Davidoff. Boesky informed Davidoff that Milken would be calling Davidoff," that the Boesky organization "would be buying securities from Drexel, and that Davidoff should follow Milken's instructions.

"Milken thereafter contacted Davidoff from time to time and gave him instructions as to the security to be purchased, the amount and the price," the memo said.

"Davidoff prepared order tickets reflecting purchases from Drexel as specified by Milken. A few days or weeks later, Milken would contact Davidoff and give him instructions as to the repurchase of the security by Drexel at a higher price in order to give Boesky a profit.

"Davidoff then prepared order tickets reflecting sales to Drexel in accordance with Milken's instructions. The payment trades were usually done with over-the-counter bonds. Some of these trades were done at prices significantly different from market prices but many were at or near prevailing market prices."

Mr. Davidoff also reported to Mr. Milken and others at Drexel about the amount of securities he had purchased and the prices paid, the memo said.

SHELL: *Anglo-Dutch Oil Giant Avoids Diversification and 'Megadeals'*

(Continued from first finance page)
stood at $5.1 billion, compared with Exxon's $5.3 billion.

Analysts say what Shell lacks in agility it makes up in "strength in depth."

"Shell has an in-built defense mechanism," said Nick Clayton, an analyst at Smith New Court PLC in London. If crude prices fall dramatically, then companies with substantial refining operations "tend to produce relatively better performance," as their input prices fall.

"Alternatively, when oil prices rise quickly," he said, "then those exposed to refining tend to lose out. By having a fully integrated operation, a company like Shell tends to protect profit against the vagaries,"of the crude price.

At British Petroleum PLC, Shell's largest European rival, profits have been more volatile. BP has a disproportionately large base in upstream activities so "in good years, when the price is rising, they do proportionately better, but in a weak price environment, BP suffers more," Mr. Clayton said.

For first half of 1989, Royal Dutch/Shell posted a 29.5 percent increase in net income, to £2.02 billion ($3.14 billion) from £1.56 billion a year earlier, excluding inventory gains.

The unexpectedly strong results, which include exceptional income of more than £200 million from a property sale, point to full-year profit of between £3.7 billion and £3.9 billion, up 17 percent to 23 percent from 1988, analysts said. Next year, they say, profit will rise at a markedly slower rate.

The strong 1989 performance and expected gains in 1990 cannot be attributed simply to a moderately firm oil price, a strong dollar and improved refining and petrochemical margins. Analysts say it is largely the result of Shell's single-mindedness in directing resources into its mainstream energy operations. Between 1985 and 1988, the company invested on average £4.4 billion annually.

It was turmoil in the crude market of the mid-1970s that prompted many big oil companies to diversify into such marginally related businesses as mining. Those moves proved a costly mistake for many concerns.

"Efforts to diversify in the 1970s came to less than naught," said David Gray, chief oil analyst at James Capel & Co. "They cost people a lot of money."

"The 80s have been spent putting those problems right. To the extent Shell didn't do what others did, it's had a competitive advantage," Mr. Gray said.

Among the major oil companies committing significant amounts of management time and company resources to rectify unsatisfactory diversification moves is BP.

Sir Peter Holmes

BP recently sold its huge minerals division and appears intent on disposing its coal business later this year. At the same time, BP is bolstering efforts to expand in core oil and gas sectors, having acquired North Sea competitor Britoil PLC.

Shell has stumbled on occasion. In 1973, it forged a joint venture with Gulf Oil Corp. to provide nuclear fuel to utilities. A few years later, the U.S. nuclear industry began to run into regulatory and environmental problems. Shell sold out to Gulf in 1979 and, according to industry sources, wrote off more than £250 million on the General Atomic Co. venture.

More recently, Shell has been plagued by a series of production and distribution mishaps, including the fracturing of an oil pipeline near Liverpool, which spilled 150 tons of Venezuelan crude into the Mersey River.

Mr. Gray of James Capel said that the Mersey spill will "not do anything to depress the bottom line," at Shell. But the series of mishaps, including an explosion of a refinery in Louisiana and an extended shutdown for repairs of the group's Brent field in the North Sea, has come as surprise to those previously impressed with Shell's safety record.

Shell executives, having said they will examine what went wrong along the 12-mile (19.3-kilometer) British pipeline that ruptured, are focusing on larger issues confronting the company.

Mr. Gray said that a key factor contributing to Shell's strong results is its management strategy of decentralization: each business is regarded as an individual profit-center, accountable for its own performance.

Shell's strategy of avoiding takeovers of competitors through the stock market has also left it with substantial reserves of cash and short-term securities, currently £4.6 billion, to spend on buying up reserves from willing sellers and investing in plant and equipment.

One London analyst complained that the company has been too "lethargic," when it comes to possible corporate acquisitions.

"They've been sitting on a lot of cash," the analyst said. "If they can't find suitable investment opportunities, then perhaps some of the cash should be returned to shareholders," in the form of special dividends.

There have been a few calls for Shell to buy back its shares, as a number of U.S. oil companies, including Exxon, have been doing to raise their respective earnings-per-share figures. But Sir Peter said that tax laws in Britain and the Netherlands would stand in the way of such a move.

Instead, Sir Peter said he is constantly canvassing the globe for investment opportunities.

"We go on, month in month out, making acquisitions, some of them very small. Most of them you won't hear about," he said in a recent interview.

"Last year, we bought Tenneco's assets in Colombia and spent $1 billion in July in Nigeria buying 10 percent additional equity," in a joint venture with the Nigerian National Petroleum Corp. Shell's share in the venture, Shell Petroleum Development Co. of Nigeria, will rise to 30 percent as a result.

Such investment in Nigeria, Colombia and other developing countries, such as Gabon and Syria, has paid dividends. The temporary loss of 90,000 barrels per day in North Sea production during the second quarter was "more than outweighed by increased production," from those very countries, Shell said in its report on second quarter earnings.

"We don't have any one basket with lots of eggs," Sir Peter said.

Shell had proven oil reserves at the end of 1988 stood at 8.8 billion barrels and it had gas reserves equivalent to an additional 6.5 billion barrels of oil. Exxon, by comparison, had 7.5 billion barrels of oil, and gas reserves equivalent to a further 6.5 billion barrels of oil.

In terms of actual production, Shell is more dependent on external sources of crude for its refining and marketing operations than some of its major competitors — a potential weakness. Last year, the group took in 44 percent of its crude from external sources, compared with 40 percent at BP.

On the other hand, Shell has outperformed its competitors in replacing oil reserves. The group pumps roughly 1.8 million barrels per day. Between 1984 and 1988, Shell's replacement-ratio was 116 percent, compared with BP's 111 percent, and 104 percent at Exxon.

Sir Peter said that "$16-$18 a barrel is a pretty healthy range," for the company as far as the market price for Brent crude goes.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued)

	Sales in 100s	High	Low	Close	Net Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Wall Street Review

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
Texaco	156334	54¼	49⅞	50⅝	+1½
TexUtil	146086	32⅞	31⅜	32⅝	
AMR	135961	96	79	89¾	+10⅝
Upjohn	114478	42	35¾	40	+4
GMotr s	96770	50¼	46⅞	50	+2⅛
UCarb	78011	31½	28⅞	30¾	+1½
CdnPc g	66673	24⅜	22¼	23¾	+1¼
FordM	65371	54⅜	52⅝	54¼	+1½
IBM	65140	118⅜	115⅛	117⅛	+1¼
AT&T	63878	40⅝	39	40⅛	+ ⅛
Exxon	63615	44⅛	43⅛	44	+ ⅜
PhilPet	61851	29½	27¼	28⅛	−1⅛
BristMy	59715	50⅛	49⅛	50⅛	+ ½
Mylan	55817	15⅜	11⅞	15¼	+3⅜
FstPa	52789	15⅞	15⅜	15⅜	
WarnC	52501	65⅛	64	64⅝	− ⅜
ColPict	51769	21⅜	19⅛	19⅛	−1
McDnl s	51315	29½	27⅞	29⅛	
USX	50649	35⅛	34⅞	35	+ ½
K mart	49765	44⅛	42⅞	42⅞	− ⅞
JohnJn s	49630	53⅜	50¼	53½	+2⅞
GenEl	47512	58⅞	57⅛	58¼	− ⅜
OcciPet	45976	30¼	29	29⅞	+ ⅜
Reebok	45826	16¾	13⅞	16½	+2½
UAL Cp	45794	287⅞	272½	287	+9

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
TexAir	73340	23⅜	18¾	20¼	− ⅛
BolrPh	60873	26½	17¾	19⅜	−6⅜
WangB	40191	6¼	5⅜	5⅞	− ⅛
BAT	25364	13⅜	12⅞	13⅛	− ⅛
Amdhl	24102	15⅞	14⅜	15⅛	+1⅛
FruitL	20832	16	14⅞	16	+1
EchoBy	18842	16⅛	15¾	16⅛	+ ¼
Diasonc	17046	4	3⅜	4	
Telesph	16362	4¼	3¼	4¼	+1
A-lbm sc	12572	15¼	13⅝	14⅞	+1⅛
ForstL	11431	37¼	34⅞	36⅞	− ⅜
Kirby	10759	8⅞	8¼	8¾	+ ⅜
OMI	10496	10⅜	9⅜	10⅜	+ ⅜
ENSCO	9654	4	3⅝	4	+ ⅛
DataPd	8568	13⅛	12½	12⅝	− ¼
GiantFd	7731	35⅛	30⅜	31⅛	−3⅛
Hasbro	6915	22⅜	21⅜	22⅜	+ ½
EntMkt	6287	2⅜	1⅜	2⅜	+ ⅝
DWG	6118	12⅜	11	11⅞	+ ½
Gundle s	5944	18	15⅜	16½	−1½
Caron	5579	7⅜	7¼	7⅛	
MagmC	5569	7½	6⅞	7¼	− ⅛
Sothby s	5399	32¼	30⅛	31⅛	− ⅛
FAusPr	5023	9	8⅝	8⅝	− ⅛
GCda g	4902	13⅛	12⅞	13⅛	+ ⅛

NYSE Sales

	Sales Vol.
Total for week	757,460,000
Week ago	829,820,000
Year ago	642,410,080
Two years ago	853,470,000
Jan 1 to date	27,538,191,000
1988 to date	27,401,430,000
1987 to date	28,832,900,000

AMEX Sales

	Sales Vol.
Total for week	69,118,000
Week ago	67,400,000
Year ago	49,520,000
Jan 1 to date	2,069,000,000
1988 to date	1,733,960,000

NYSE Diaries

	This Wk	Last Wk
Advanced	1091	1069
Declined	765	789
Unchanged	331	327
Total Issues	2187	2185
New Highs	278	271
New Lows	37	44

AMEX Diaries

	This Wk	Last Wk
Advanced	457	422
Declined	346	379
Unchanged	216	211
Total Issues	1019	1012
New Highs	104	96
New Lows	33	40

American Exchange Options

Figures as of close of trading Friday. *Aug. 31*

Option & price		Calls Sep	Calls Oct	Puts Sep	Puts Oct
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total volume 158,517
Open interest 2,446,267
r—Not traded. s—None offered. o—Old.

Chicago Exchange Options

Figures as of close of trading Friday. *Aug. 31*

Option & price		Calls Sep	Calls Oct	Puts Sep	Puts Oct
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total volume 453,025
Open interest 4,816,227
r—Not traded. s—None offered. o—Old.

MONDAY SPORTS / PRO FOOTBALL PREVIEW

Colts End Exhibition Season Unbeaten

The Associated Press

The Indianapolis Colts completed their first unbeaten preseason in 20 years Saturday night.

The 4-0 Colts wound up as the NFL's only unbeaten team by defeating the Denver Broncos, 38-34, on Jack Trudeau's 5-yard touchdown pass to James Pruitt with 25 seconds to play.

The Broncos, who scored a touchdown after five consecutive penalties on Indianapolis for disruptive crowd noise in the Hoosier Dome, took a 34-31 lead on David Treadwell's 46-yard field goal with 3:18 left.

The Colts then started their winning drive from their own 30-yard line.

Cowboys 30, Oilers 28: In Arlington, Texas, Troy Aikman completed 19 of 31 passes for 306 yards as Dallas beat Houston on Roger Ruzek's 55-yard field goal on the final play of the game.

Steelers 13, Giants 10: In East Rutherford, New Jersey, Gary Anderson's 32-yard field goal with 1:44 remaining won for Pittsburgh. After the Giants tied the game on a 29-yard field goal by Raul Allegre, the Steelers took the kickoff and moved 60 yards to set up Anderson's kick.

Bears 41, Raiders 38: In Los Angeles, backup quarterback Jim Harbaugh's third touchdown pass, a 23-yarder to Wendell Davis with 1:53 remaining, was the winner, as well as Davis' third TD reception.

Eagles 20, Dolphins 10: In Miami, Jerome Brown and Seth Joyner returned interceptions for touchdowns less than five minutes apart in the third period. The game was dominated by defense as neither offense could produce a touchdown through the first 22 possessions.

Rams 24, Lions 14: In Anaheim, California, Jim Everett passed for two touchdowns and set up another. Playing just the first half, Everett completed 15 of 22 for 199 yards. The Lions suffered five interceptions and lost quarterback Rodney Peete late in the first half with a slight strain of his left knee.

Buccaneers 27, Browns 10: In Cleveland, Vinny Testaverde passed for 229 yards and two touchdowns and clearly outplayed former college teammate Bernie Kosar.

■ Friday Games

Seahawks 28, 49ers 17: In Seattle, the Super Bowl champions lost as Nesby Glasgow ran back a blocked field goal attempt 71 yards and Kelly Stouffer threw a six-yard touchdown pass to Louis Clark in the third quarter.

Vikings 17, Bengals 10: In Minneapolis, Alfred Anderson scored twice as Minnesota dominated offensively and defensively but had to survive Chuck Nelson's poor kicking. The Vikings shut down Ickey Woods with minus six yards on seven carries.

Redskins 26, Saints 21: In New Orleans, reserve quarterback Stan Humphries hit Carl Harry with a 39-yard touchdown pass midway through the fourth quarter after Washington blew a 16-0 halftime lead.

Packers 16, Patriots 0: In Foxboro, Massachusetts, rookie Chris Jacke kicked three field goals and Phillip Epps added a 20-yard touchdown run on a reverse.

Jets 15, Chiefs 13: In Kansas City, Dennis Byrd sacked the Chiefs' rookie quarterback, Mike Elkins, in the end zone for a safety at 3:16 of overtime.

Falcons 36, Bills 17: In Jacksonville, Florida, Greg Paterra, a rookie, scored three touchdowns, including two in a 55-second span.

Chargers 21, Cardinals 20: In San Diego, Jim McMahon threw a four-yard touchdown pass to Quinn Early with no time left and Chris Bahr kicked the extra point.

NFL PRESEASON

Down by a TD? Call the Game-Breaker

By Michael Wilbon
Washington Post Service

Just the threat is enough to drive defensive coordinators back to the film room. A small, if growing, group of players is increasingly holding pro football hostage. These players dominate NFL games in ways others seldom did in previous generations, able to score a touchdown or produce one at any time from any distance.

J.T. Smith of the Phoenix Cardinals led the NFL in receptions much of last season but he is not a game-breaker. Jerry Rice is.

The Rams' Greg Bell led the league in touchdowns scored last season, but he is not a game-breaker. Bo Jackson is.

Wade Wilson of the Minnesota Vikings led the NFC in pass efficiency last year, but Randall Cunningham can make the game-busting play.

Game-breakers are those whom defenses would rather not play against, players who accomplish virtually impossible feats. They are almost always capable of running a 40-yard dash in 4.5 seconds or less and usually operate from one of three positions — wide receiver, running back or quarterback.

Some are indisputable: Rice, the Vikings' Anthony Carter, Louis Lipps and Miami's Marks brothers at wide receiver; Eric Dickerson, Roger Craig and Herschel Walker at running back; Cunningham and John Elway at quarterback.

Some are surprises: Neal Anderson is still thought of as Walter Payton's successor, but he was the only player in the NFL last season to have four rushes of 40 yards or more and he finished with 12 touchdowns. Ricky Sanders of the Redskins led all NFC receivers with 12 touchdown catches. Drew Hill of the Oilers caught 10 touchdown passes and averaged 16 yards per reception. Tim Brown of the Raiders averaged 17 yards per catch last year and may be the next great return man.

And some are newcomers who this season may join the select company: Brian Blades, as a Seattle rookie, caught eight touchdown passes and averaged 17 yards per catch; Atlanta's Michael Haynes caught only 13 passes, but four were for touchdowns.

There are game-breakers on defense. Lawrence Taylor, Reggie White, Richard Dent and Ronnie Lott have been that for years. But receivers, running backs and quarterbacks do the visible damage.

The true game-breakers, Rice and Carter, can tear the game apart not only with 80- and 90-yard receptions, but by carrying the load and running end-around plays.

Dickerson, Walker, Anderson and Craig may be the only backs who prove enough that they can take a pass or a handoff 50 yards or more for a touchdown.

Establishing criteria for quarterbacks is more difficult. Cunningham and Elway fit the bill, as does San Francisco understudy Steve Young, who can steal a game with a 45-yard pass or run. That duality makes Cunningham and Elway more dangerous than someone who is simply a great passer.

"This guy is the only NFL quarterback who wouldn't surprise me if he ran for a 90-yard touchdown — or threw for one," Sid Gillman told Pro Football Weekly about Cunningham.

American Conference

New York Times Service

EASTERN DIVISION

BILLS: Few teams are going to score 14 points against the Bills. The club has its intimidating linebacker, Cornelius Bennett, and his sidekick, Shane Conlan, presumably healthy.

Everyone is worried about the Bills' offense. Jim Kelly may open it more this year. Thurman Thomas and Robb Riddick can churn out ground yardage. The possession game helped bring a 12-4 record to Buffalo. Even a tougher schedule should not change things dramatically.

JETS: There are several key performers going into their third seasons — Alex Gordon at linebacker and Roger Vick at fullback — who could be pivotal.

This is a team that boasts the NFL's top receiver in number of catches (93) in Al Toon. If Wesley Walker shows up, then Ken O'Brien again will have that dangerous tandem of receivers.

O'Brien's health is what the Jets are all about this year. If his shoulder problems resurface the team is in trouble.

The Jets' defense won't have to take chances and blitz from odd angles. It might have a pass rush with Dave Stallworth, the rookie, at right end and with Tim Cofield at outside right linebacker. Jeff Lageman, the rookier, eventually will replace him.

PATRIOTS: With such an unflappable coach in Raymond Berry, it is remarkable how much turmoil the Patriots create. Tony Eason, who hasn't played a significant number of games since 1986, is the quarterback while Doug Flutie waits on the bench. Rookie receiver Hart Lee Dykes showed up out of shape. And Irving Fryar wants $1 million and stayed out in August.

There is a fine runner in John Stephens, and a good linebacker in Andre Tippett.

COLTS: Their biggest obstacle is at quarterback, where the sophomore Chris Chandler is learning. True, the Colts wound up 8-2, the best record over the final 10 games in the league. But Eric Dickerson was happier then, and the offensive line was settled. Now with the right side of the line in flux, Dickerson says, "We'll be lucky to win five games if we don't improve the right side."

The defense is changing its style. Instead of watching and waiting, it will now attack. There may be seven men on the line. The pressure on the opposing quarterback worked in preseason play.

DOLPHINS: Virtually 79 percent of the Dolphins' yardage came through the airlanes. That high number, combined with a bend-and-break defense, kept the Dolphins' defenders on the field longer than any other club in the league. Small wonder the defense got tired and fell apart.

Coach Don Shula contends that he is through paying lip service to the need for a running back to diversify and keep the ball. He got one on the first round. Sammie Smith of Florida State is fast and big. The trouble is, he also has been unable to come to terms.

CENTRAL DIVISION

OILERS: Everyone wanted a piece of the intimidating Oilers. So when the season ended, other teams picked up 15 of their players.

The Oilers stop the opposition's ground game while consistently churning out yardage themselves. Mike Rozier is the big unsigned free agent, but even without him there is Allen Pinkett and Alonzo Highsmith. Warren Moon directs the offense.

Ray Childress spearheads a defense that can get to the quarterback.

BROWNS: The biggest unknown on the Browns is the head coach. Will Bud Carson be the headstrong, argumentative sort which gave him a reputation of brilliance as a defensive mind but also kept him from becoming a head coach until he was 58?

Having a healthy Bernie Kosar will improve Carson's disposition. Kosar is happier under a new offense that allows him to throw deep. But it is an offense that features the troubled Kevin Mack in the one-back attack. He is awaiting sentencing on a cocaine conviction.

BENGALS: Three Bengals' Pro Bowlers are holding out, the quarterback appears to have lost zip on the ball, and the charming rookie running star, Ickey Woods, has had a slothful training camp.

But the Bengals received a big lift when Tim Krumrie, against all odds, returned to the practice field for the first time since he snapped his leg in the Super Bowl.

Boomer Esiason still seems to have a throwing problem.

The secondary is outstanding, especially with David Fulcher at strong safety and Eric Thomas manning one of the corners. This is a team that learned to win last season. It faces the glare of three Monday night games.

STEELERS: Bubby Brister tossed only 11 touchdowns last year, but five covered 65 yards or more. This will be only his second full campaign as starter. Most of his teammates don't have much more experience.

As the result of an end-of-season shake-up, in which coach Chuck Noll kept his job but got rid of five assistant coaches, the philosophy has changed. The defense will not rely solely on the old Pittsburgh style of halting the run. Now there is a coordination between the linebackers and defensive backs.

There is a different look offensively, too. Pittsburgh will employ a shotgun offense. Louis Lipps could benefit at receiver. Tim Worley, the rookie, will lead the runners.

WESTERN DIVISION

SEAHAWKS: When in doubt, look for the team coached by Chuck Knox. This once-powerful division didn't have a 10-game winner last season. The Seahwawks, at 9-7, were the only ones with a winning mark. They have improved somewhat. Andy Heck, the top pick, has stepped in impressively as the starting left tackle. That gives Curt Warner and John L. Williams another place to run.

There are new defensive schemes, with Rufus Porter, an outstanding special-teamer last season, full time at outside linebacker. At times, the Seahawks will show an eight-man front.

CHIEFS: It's tough to expect things from a club that goes into its final preseason game not knowing whether the starting quarterback will be 35-year-old Steve DeBerg or 38-year-old Ron Jaworski.

Then again, coach Marty Schottenheimer has a lot of unknowns in his first season.

The secondary has always been a Kansas City strength, and remains that, led by Deron Cherry and Albert Lewis.

Schottenheimer likes the two-back offense, but Christian Okoye is out with a pinched-neck nerve.

RAIDERS: Completion percentage hasn't meant much to Raider quarterbacks since the days of Kenny Stabler. The idea is to make the big play. Jay Schroeder might do it.

The Raiders have talent, youth and speed. Marcus Allen has been a holdout and Bo Jackson is not scheduled to join the team until Game 6. Having a talented offensive line won't mean much without a running game. The wide receivers, with Tim Brown, Mervyn Fernandez (a 26-yard average) and Willie Gault, are deep and fast.

The linebackers Jerry Robinson and Matt Millen are strong and experienced.

BRONCOS: Except for Dan Marino, John Elway frightens more opposing coaches than any quarterback in the conference.

The Broncos still are looking for that really good runner to complement the passing game to Vance Johnson, Mark Jackson and Ricky Nattiel. And Elway will have to do it behind three new offensive linemen.

On defense, the pivotal man, Karl Mecklenburg, the roving linebacker, is likely to miss the first few games with a knee injury.

CHARGERS: Gary Anderson, the 5-yards-a-carry rusher, wants to renegotiate his contract, and harsh words have gone back-and-forth between the front office and the runner. Timmy Smith replaces him.

Jim McMahon's health will determine whether the Chargers sink or just barely stay above water. His arm is weaker. But Henning wants a no-mistake, short-passing game to complement a running attack, preferably led by the absent Anderson.

— Gerald Eskenazi

Reuters-UPI

Final Exhibition Standings

AMERICAN CONFERENCE

East	W	L	T	Pct.	PF	PA
Indianapolis	4	0	0	1.000	123	64
New England	2	2	0	.500	57	55
N.Y. Jets	2	2	0	.500	78	72
Buffalo	1	4	0	.200	77	125
Miami	0	4	0	.000	61	109
Central						
Cincinnati	2	2	0	.500	79	67
Houston	2	2	0	.500	100	102
Pittsburgh	1	2	0	.500	65	90
Cleveland	1	4	0	.200	74	113
West						
Seattle	3	1	0	.750	69	51
Denver	2	2	0	.500	92	107
San Diego	2	2	0	.500	62	64
Kansas City	1	3	0	.250	55	100
L.A. Raiders	0	4	0	.000	86	128

NATIONAL CONFERENCE

East	W	L	T	Pct.	PF	PA
Philadelphia	4	1	0	.800	108	73
Washington	4	1	0	.800	126	86
Dallas	3	1	0	.750	98	75
N.Y. Giants	3	1	0	.750	96	54
Phoenix	1	3	0	.250	71	67
Central						
Green Bay	3	1	0	.750	84	75
Minnesota	3	1	0	.750	78	57
Tampa Bay	3	1	0	.750	95	63
Chicago	2	2	0	.500	93	104
Detroit	0	4	0	.000	48	97
West						
L.A. Rams	4	1	0	.800	100	78
San Francisco	3	2	0	.600	119	82
Atlanta	1	3	0	.250	60	90
New Orleans	1	3	0	.250	82	77

National Conference

New York Times Service

EASTERN DIVISION

GIANTS: Although such starters as Harry Carson, George Martin, Jim Burt, Kenny Hill and perhaps the unsigned Pepper Johnson are gone, the defense still has top outside linebackers in Lawrence Taylor and Carl Banks. But inside linebackers are scarce, the defensive line is good but lacks depth and the secondary is promising but young.

On offense, Phil Simms is a sound quarterback, and his receivers are fast. The running game, once nothing more than Joe Morris, will be supplemented by a one-back offense that has done well.

REDSKINS: Doug Williams, the starting quarterback, may be gone for the season after back surgery, and Mark Rypien, who replaces him, *(photo, left)* is inexperienced. Kelvin Bryant, the third-down back, may be out for the season with back injuries from an auto accident.

But the Redskins may still survive because they traded in the off-season for Gerald Riggs and Earnest Byner, two productive runners, and the receivers are experienced and talented. The defense is anchored by Dexter Manley and Charles Mann, two exceptional pass-rushing ends.

EAGLES: If Randall Cunningham at quarterback and Reggie White at defensive end play as well as they have, the Eagles will be contenders.

Cunningham keeps getting better and has good receivers and running backs, but a shaky offensive line was further hurt by the steroids suspension of Ron Solt.

White gets help from Jerome Brown, a sometimes-spectacular defensive tackle. Two key moves send Todd Bell, an undersized linebacker, to strong safety and replace him with Al Harris, a newly acquired free agent.

COWBOYS: A new owner (Jimmy Jones), a new coach (Jimmy Johnson) and rookie quarterbacks (Troy Aikman and Steve Walsh).

Herschel Walker, the multitalented running back, may win games by himself. The offensive line is improving, the receivers are good. On defense, the secondary is decent, the linebackers fair, the line unsettled.

CARDINALS: This aging team must play without Neil Lomax, the veteran quarterback with an arthritic hip. His replacement is Gary Hogeboom, a less gifted backup who reportedly has a sore arm.

If Stump Mitchell stays healthy, the running backs are solid. The receivers are strong, the tight ends are deep and the big offensive line should be good. On defense, the line has little more than the pass-rushing Freddie Joe Nunn and the linebackers are average.

CENTRAL DIVISION

VIKINGS: Wade Wilson is a solid quarterback and Tommy Kramer, once the starter, has played well in preseason. The offensive line is sound again, the running backs are strong and the receivers, especially Anthony Carter and Steve Jordan, are dangerous.

Chris Doleman and Keith Millard make the defensive line intimidating. Mike Merriweather joined an impressive linebacking corps. The secondary is good and strong safety Joey Browner can be marvelous.

BEARS: Mike Tomczak has inherited the quarterback job, with good receivers and strong running backs, led by Neal Anderson, and a solid offensive line.

The defense is tough up front with Richard Dent, Dan Hampton and Steve McMichael. The secondary is good and will get better. Except for Mike Singletary in the middle, the linebackers are miscast or erratic.

LIONS: This team is still sorting out receivers; quarterback Rodney Peete is a rookie who lasted until the sixth round of the draft, and in the first three preseason games, all the run-and-shoot fireworks produced only one touchdown pass.

Barry Sanders, the running back who won the Heisman Trophy, is still unsigned. The offensive line has not done much. The defensive line is decent, the linebackers good, the secondary fair.

PACKERS: Don Majkowski, a tough but ordinary quarterback, is holding the job until Anthony Dilweg, an impressive rookie, is ready. Michael Haddix is helping at running back. The receivers could be good. The tight ends are not. The offensive line remains a problem, the defense was tenacious and showed improvement last year.

BUCCANEERS: Vinny Testaverde, the young quarterback, as talented but last year set a league record by throwing 35 interceptions. The running backs are young, the receivers young and not that good. On offense, the line is not good. On defense, the linebackers were average until first-round draft pick Broderick Thomas signed and the secondary is nothing special.

WESTERN DIVISION

RAMS: Jim Everett has developd well at quarterback and the offensive line, as usual, is mature and secure. The receivers, Henry Ellard, Aaron Cox and Ron Brown, are good and speedy. If Greg Bell or Gaston Green can stay healthy and if Cleveland Gary signs, the running backs will carry much of the burden.

On defense, Bill Hawkins, a first-round draft choice, must replace Gary Jeter, now with the New England Patriots, as a consistent pass rusher. The linebackers are good and creative. LeRoy Irvin's four-game suspension for substance abuse makes the secondary shaky.

49ERS: Quarterback Joe Montana may miss Bill Walsh's sideline gift for keeping the offense moving, but the new coach, George Seifert, inherits almost the same team. The offense is laden with superstars in Montana, receiver Jerry Rice and running back Roger Craig. A tight end must be found to replace John Frank.

Once all are signed, the defense will be fine. Michael Carter, the immovable nose tackle, is still trying to negotiate a contract. The secondary is quick, young and reliable.

SAINTS: A team better than the sum of its parts. Aside from outside linebackers Rickey Jackson and Pat Swilling, it has few top-caliber players but the offense line is good although not deep and the receivers are good and competitive. Quarterback Bobby Hebert has fallen apart in big games.

FALCONS: The weakest team in the league. The entire starting offensive line is injured. Starting quarterback Chris Miller has been hurt. Deion Sanders, the league's most talented cornerback prospect in a decade, is playing baseball.

— Frank Litsky

NFL Schedule

A full schedule of games for the NFL's 1989 season will appear in Tuesday's editions.

DENNIS THE MENACE

"MR. WILSON TOLD ME HIS TV SET IS SO OLD HE GETS MONDAY-NIGHT BASEBALL ON TUESDAY."

JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

RANOB

CINEE

SLAVNY

POOSUR

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: "_ _ _ _ A FEW _ _ _ _ _ _ _!" (Answers tomorrow)

Saturday's Jumbles: FLOUR TOPAZ WHEEZE HALVED
Answer: That wisecrack was the solution to every difficult problem right in this— THE HOLLOW OF HIS HEAD

Reaching More Than a Third of a Million Readers in 164 Countries Around the World.
Herald Tribune

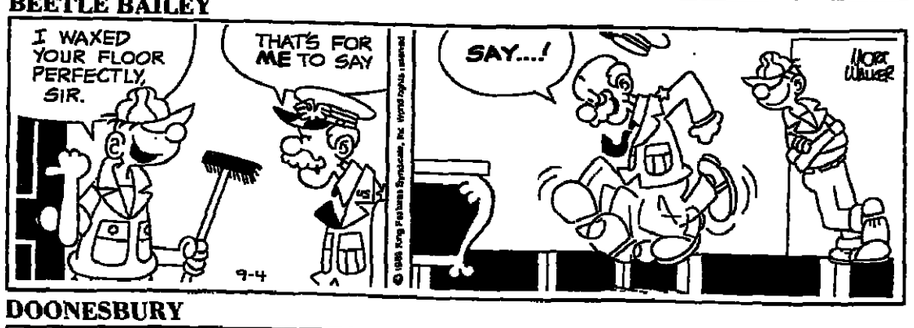
PEANUTS

ANDY CAPP

BLONDIE

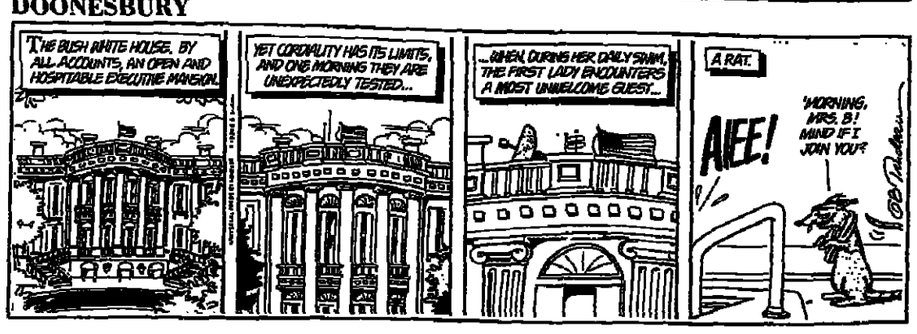
WIZARD of ID

BEETLE BAILEY

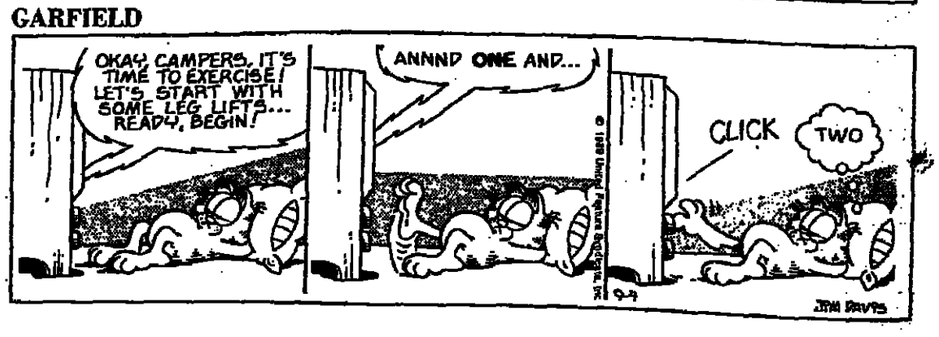


REX MORGAN

DOONESBURY



GARFIELD



MONDAY SPORTS

Gladden Homers, Throws Out 2 as Twins Halt Jays' Streak

The Associated Press

Left fielder Dan Gladden hit a two-run homer and threw two runners out at the plate Sunday in Toronto as Rick Aguilera, making his seventh American League start, won his first decision as a starter since Oct. 3, 1987, and the Minnesota Twins ended the Blue Jays' five-game winning streak, 9-4.

Aguilera, acquired from the New York Mets in the Frank Viola trade July 31, gave up an unearned run and six hits in seven innings. Loser Mike Flanagan was tagged for six runs and six hits in 4⅓ innings.

Carmen Castillo got the first of his three RBIs with a sacrifice fly in the second inning to give the Twins a 1-0 lead as Kirby Puckett extended his hitting streak to 10 games with a leadoff single, took second on Brian Harper's single and advanced on Gene Larkin's sacrifice.

Mariners 3, Red Sox 2: Henry Cotto hit a two-run homer in Boston and Dave Valle doubled home the tie-breaking run in the sixth as Seattle spoiled the return of Dennis (Oil Can) Boyd.

Boyd allowed the three runs, six hits, walked three and struck out three in 5⅔ innings in his first major-league game since May 1. He had a blood clot condition in his right arm.

Yankees 5, Angels 2: Don Mattingly went 4-for-4 in New York, with a single that started a five-run rally in the sixth against California.

The Yankees won their fourth straight, tying their longest winning streak this year. The Angels have lost four in a row and 10 of 14.

Bert Blyleven, who lost his second straight after a 10-game winning streak, took a three-hitter into the sixth. But Mattingly led off with a single, his third and the first of seven that inning, plus a wild pitch.

Tigers 12, Indians 3: Fred Lynn drove in four runs in Detroit with his 298th and 299th homers in the majors as the last-place Tigers won their third in a row and for the fifth straight time beat the Indians, who have lost seven of their last nine.

Saturday Games

Blue Jays 4, Twins 2: Roy Smith gave up just four hits but two were two-run homers by Ernie Whitt and Kelly Gruber.

That maintained the Blue Jays' one-game lead in the American League East, taken the night before when the Baltimore Orioles had lost to fall out of first place for the first time since May 26, 98 consecutive days. The Sox, by beating the Mariners, remained five games out.

In the West, the Oakland Athletics upped their lead to 2½ games over Kansas City and to 3½ over California, as the Royals lost to the Texas Rangers and the Angels fell to the Yankees in New York.

Gruber, who came off the disabled list last week, gave the Blue Jays a 2-0 lead with his second homer in as many games, a shot just over the fence in left after Whitt opened the bottom of the second with a bunt-single to the left side of an infield overshifted to the right.

Whitt made it 4-0 in the fourth as he also scored Fred McGriff, who had raised his club record for walks by leading off with his 91st.

Orioles 2, White Sox 1: Cal Ripken drove in one run with a sacrifice fly, Tim Hulett singled in the other and Greg Olson tied an AL rookie record with his 23d save as Baltimore won in Chicago.

Red Sox 6, Mariners 5: Dwight Evans, the only major leaguer to have hit 20 or more homers for each of the last eight years, hit his 16th this season to beat Seattle.

Athletics 7, Brewers 2: Dave Stewart won his major-league leading 19th game in Milwaukee as Mark McGwire and Jose Canseco each hit two-run home runs.

Stewart (19-8) allowed five hits in his sixth complete game, striking out eight while beating the Brewers for the 10th time in 11 starts against them.

Rangers 6, Royals 3: Ruben Sierra hit a two-run homer and drove in four runs to help end Kansas City's four-game winning streak as Nolan Ryan pitched eight-hit ball, striking out 11, over eight innings in Arlington, Texas, for his 288th victory in the majors.

Yankees 2, Angels 1: Mel Hall led off the bottom of the ninth with a home run that beat California as Greg Cadaret won a battle of six-hitters over the Angels' Mike Witt.

Tigers 10, Indians 4: The Tigers won with the help of six runs in the fourth.

Cubs' Defeat by Braves Cuts Lead in NL East to 1½ Games Over Cards

The Associated Press

Jeff Blauser got three singles and three RBIs Sunday in Atlanta as the Braves overcame two home runs and four RBIs by Andre Dawson to end Mike Bielecki's six-game winning streak with an 8-5 victory over the Chicago Cubs.

Blauser capped a three-run first with an RBI single and got a two-run hit during a five-run fourth.

The loss was the Cubs' sixth in 10 games, cutting their lead in the National League East to 1½ games over St. Louis, which beat Houston.

Bielecki (14-6) had won eight of his last nine decisions.

Dawson hit a three-run homer in the fourth and added a solo shot, his 17th, in the sixth.

Cardinals 4, Astros 3: Pinch hitter Leon Durham's sacrifice fly with none out in the bottom of the ninth in St. Louis scored Terry Pendleton from third as the Cardinals rallied from 0-3 to beat Houston.

Consecutive singles by Pendleton and Denny Walling and a walk to Jose Oquendo loaded the bases. Durham then hit the first pitch from Danny Darwin to deep center and Pendleton scored easily.

Pirates 3, Reds 1: Andy Van Slyke answered Chris Sabo's game-tying homer in the top of the seventh with one in the bottom of the inning to beat Cincinnati.

Saturday Games

Giants 6, Mets 2: Matt Williams hit a three-run homer in San Francisco to help beat New York and raise the Giants' lead to five games over Houston in the NL West as the Astros lost to the Cardinals.

Chicago's rout of the Braves put the Cubs 3½ up on the Mets, while the Montreal Expos lost to the Los Angeles Dodgers to fall four back. The San Diego Padres, by winning, remained seven behind the Giants.

Williams' long drive came in the sixth inning after Will Clark began a rally with a one-out single and Frank Viola, working carefully, walked Kevin Mitchell. Mitchell, a former Met, had homered and driven in four runs to help beat the Mets Friday night.

Rick Reuschel held the Mets to four hits over eight innings and continued the Giants' pitching mastery over the New Yorkers. The Giants have beaten them four straight, yielding three runs, and now are 8-3 against the Mets with only Sunday's game left.

Cubs 10, Braves 3: Greg Maddux won his 16th game and ran his record in Atlanta to 4-0 after rookie Rick Wrona hit his first major league homer, with two on, to cap a six-run first for Chicago. All six runs were unearned, the Braves having made three errors.

Cardinals 13, Astros 5: Jose Oquendo and Terry Pendleton each drove in three runs in St. Louis as their team broke out of a hitting slump to beat Houston after having lost five straight against the Astros in Busch Stadium.

Padres 3, Phillies 2: Bip Roberts hit a two-run double in the eighth in San Diego and Roberto Alomar followed with a run-scoring single after Philadelphia's starter, Ken Howell, had held the Padres to one hit for seven innings. The Padres are 7-1 on this home stand.

Dodgers 4, Expos 3: John Shelby, fighting a 2-for-19 slump since returning from the minor leagues Aug. 25, tied the score with a triple in the sixth in Los Angeles, then led off the bottom ninth with a single, and Alfredo Griffin, 5-for-40 recently, brought Shelby home with a single to beat Montreal.

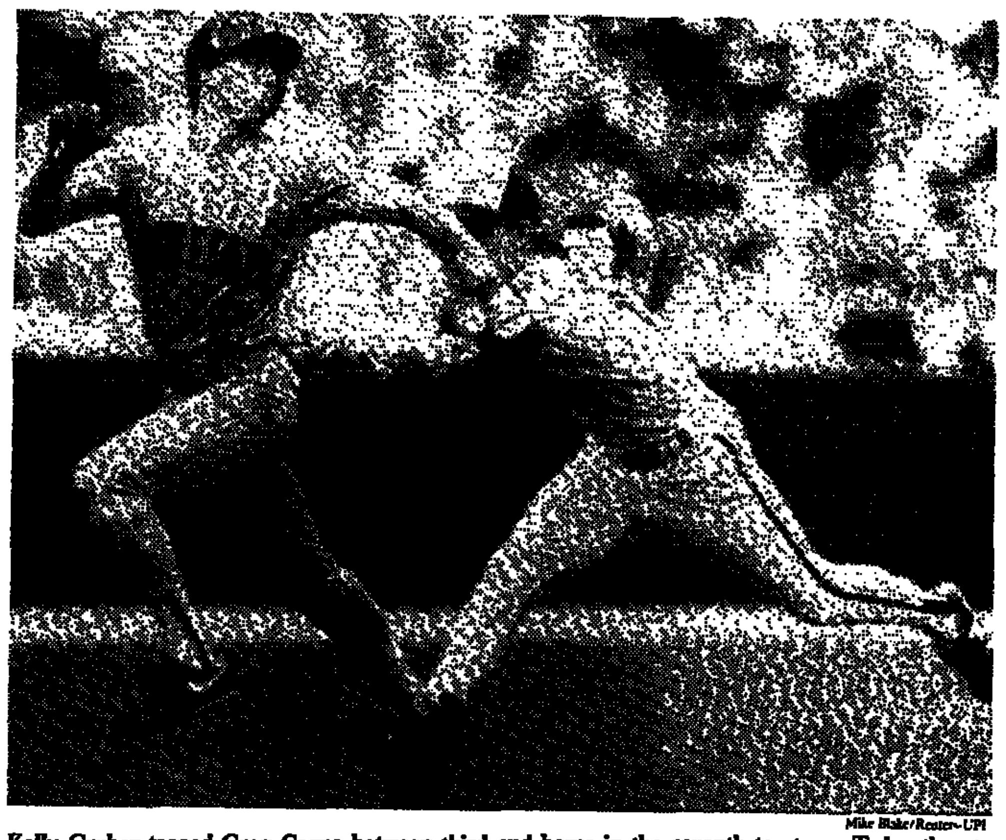
Reds 6, Pirates 2: Herm Winningham opened the game in Pittsburgh with a triple to the right field corner, then scored the first of his three runs as streaky Tom Browning won his eighth consecutive start to remain unbeaten since July 25.

Browning has a 1.75 earned run average during his streak. He has lost since a 6-2 defeat to San Diego ran a losing streak to four.

■ Mets Activate Gooden

Dwight Gooden, the Mets' pitching, was reactived Saturday, The Associated Press reported from San Francisco. He had been on the disabled list since July 1 with a torn muscle in his right shoulder.

Gooden, who recently has been throwing batting practice and on the sidelines, will be examined next week to determine when he will be able to actually pitch. Manager Dave Johnson has indicated that he wants to use Gooden in relief for one or two innings before returning him to the starting rotation. He said Gooden could start by next Friday.



Mike Blake/Reuters-UPI

Kelly Gruber tagged Greg Cagne between third and home in the seventh to stop a Twins threat.

Giamatti Aide Named Acting Chief

Compiled by Our Staff From Dispatches

NEW YORK — Baseball has moved quickly to fill the void left by the death of A. Bartlett Giamatti, elevating Fay Vincent from deputy to acting commissioner while a permanent successor is sought.

The announcement by baseball's executive council came Saturday, less than 24 hours after Giamatti, 51, died of a heart attack at his vacation home on the resort island of Martha's Vineyard, Massachusetts.

He was formerly president of Yale University.

The executive council said it had set up a meeting for Friday. Among the committee members are the American League president, Bobby Brown, and the National League president, Bill White.

In Falmouth, Massachusetts, William Zane, medical examiner for Barnstable County, said Giamatti, an overweight chain-smoker, might have suffered a prior heart attack at some point several years ago without realizing it.

An autopsy showed that death was caused by constrictive coronary heart disease, Zane said.

Vincent and Giamatti were close friends. Vincent, 50, joined Columbia Pictures in 1978 and, while he was chief executive, Columbia released "Ghandi," "Tootsie" and "Kramer vs. Kramer." Coca-Cola bought Columbia in 1983 and Vincent continued as head of the company.

A search committee may be formed to consider candidates as the new commissioner. For election, the vote of three-quarters of the 26 major-league clubs is required.

Giamatti's death came only five months after he took the job — he had been president of the National League for a little more than two years — and only eight days after he imposed a lifetime ban on Pete Rose, baseball's all-time hit leader, saying he was convinced that the Cincinnati Reds' manager had bet on his own team.

Rose's lawyer, Robert A. Pitcairn, said his client was "deeply saddened" by the news of Giamatti's death.

"In spite of their dispute, Pete had great personal respect for the commissioner," Pitcairn said. "He extends his deepest sympathy to Commissioner Giamatti's family."

Giamatti was only 40 when he became Yale's youngest president in 200 years. He had joined the university's faculty in 1966 after teaching Italian and comparative literature at Princeton University.

He was one of the nation's leading scholars in English and comparative literature; wrote books on Dante, Spenser and other subjects, and, from 1978 to 1986, served as the 19th president of Yale, his alma mater.

Angelo Bartlett Giamatti was born in Boston on April 4, 1938. His parents were Valentine Giamatti, a Yale graduate and professor emeritus of Italian at Mount Holyoke College, and Mary Claybaugh Walton, a graduate of Smith College.

He grew up in South Hadley, Massachusetts. He was not an athlete but developed a lifelong interest in sports. *(AP, NYT)*

Evert Tops Seles To Again Reach Quarterfinals

Compiled by Our Staff From Dispatches

NEW YORK — Chris Evert, playing nearly perfect tennis Sunday against a psyched-out 15-year-old, postponed retirement and kept alive the dream of a final U.S. Open championship.

Evert, 34, looked as youthful in pink and white, with a rose ribbon in her short ponytail, as 12th-seeded, hard-hitting Monica Seles. But Evert showed greater patience and precision to reach the quarterfinals for the 19th straight year.

U.S. OPEN

Evert, the No. 4 seed and six-time open winner, moved the Yugoslavian around the court like a puppet, from corner to corner, in and out as she won, 6-0, 6-2.

In rallies that sometimes lasted more than 50 shots, Evert matched the moonballs and power shots of the grunting, squealing Seles and wore her down with angled and deep shots that frequently kissed the lines.

"I don't know where it came from," Evert said. "I haven't seen that form all year."

The only trouble Evert encountered came in the fifth game of the first set when Seles had six break points on Evert's serve. But Evert hung in and won the game on her first ad to cut off any further threat.

"I felt that if she had won that game, she would have gotten back in there," Evert said.

Evert said she felt like Margaret Court, the former open and Wimbledon champion who was at the peak of her career when Evert first played and beat her at age 15.

"Up until two days ago, I didn't expect to win the match, the way I've been playing," she said.

"When I first saw that I would be playing her, I said, 'Isn't it ironic? It would be my last big match, and I'd lose to her.' Maybe that was fate ... it entered my mind for one second. All those things made me more determined. I concentrated well, I moved well. I'm so pleased it happened today."

Seles, who had said she would feel sad if she were the one to end Evert's career in major tournaments, didn't play to her potential.

The left-hander with two-fisted shots on forehands and backhands certainly was not the player who beat Evert in the finals of a tournament in Houston this year.

Evert, who received standing ovations from the packed crowd on her entrance and exit, next faces fifth-seeded Zina Garrison, who beat Donna Faber *(see Scoreboard)*.

If Evert survives that to reach the semifinals for the 17th time, she would face the winner of the quarterfinal between No. 2 Martina Navratilova, who beat Regina Rajchrtova, and No. 7 Manuela Maleeva, who beat Natalia Zvereva.

Navratilova said she knew Evert, her longtime friend and rival, would be "totally psyched" to beat Seles.

"I knew she was not going to lose to Seles today," Navratilova said. "It's nothing against Monica, she's a nice girl, but I knew she would not lose to a youngster like that in a round like that."

Jay Berger, the men's 11th seed, beat unseeded Pete Sampras, the 18-year-old who beat defending champion Mats Wilander.

Ivan Lendl's weekend began just the way he had planned.

First, he brunched on Jim Courier, demolishing the blond Floridian in straight sets Saturday to advance to the round of 16 for the 10th consecutive year.

Since Lendl accomplished his mission so efficiently, in a workday that lasted just 1 hour, 47 minutes, he left himself ample time to cruise from Queens toward Connecticut and the near-daily round of golf he uses like a battery charger.

Courier became discomfited by the swirling winds that, he later said, made him feel like he was trying to play tennis in a perpetually flushing toilet bowl.

The open's 20-year veteran, Jimmy Connors, celebrated his 37th birthday by defeating Andres Gomez of Ecuador.

Connors will next face Stefan Edberg of Sweden, who defeated Milan Srejber of Czechoslovakia.

But Connors limped into the round of 16, for he left the court after his 91st open victory with a nagging cramp in his right thigh.

Lendl's executioner at the French Open, Michael Chang, 17, also moved smoothly into the round of 16 by dismissing Pieter Aldrich of South Africa.

Chang survived an uncharacteristic bout of petulance over two questionable line calls in the third set but completed his match with just two minutes more exertion than Lendl had required.

"Last year if I got to the round of 16, it felt like a real accomplishment," said Chang. "Now I feel like I want to do more, get farther, and not settle."

Boris Becker, the No. 2 seed, had stepped onto the same breezy court Friday night and fought off Olympic gold medalist Miloslav Mecir of Czechoslovakia in what the West German called "probably the worst conditions at Flushing Meadow I've ever had. It was almost impossible to play normal tennis, for him and for me. That's why there were many breaks and many strange shots."

By the time a match between Yannick Noah and Amos Mansdorf, suspended by rain Friday night, was finally ended, the players weren't speaking to each other.

Noah rallied from a two-set deficit but refused to shake the Israeli's hand until Mansdorf apologized for what the Frenchman believed were insults toward his family. Sunday, each was fined $500. *(AP, NYT)*

Florida State Is Upset Again, by Southern Miss

Compiled by Our Staff From Dispatches

For the second straight year, Florida State has seen its hopes of a U.S. college football championship nearly ended with its first game, this time when Southern Mississippi stunned the sixth-ranked Seminoles, 30-26, in Jacksonville, Florida. Last year, the Seminoles lost their opener, 31-0, to Miami.

COLLEGE FOOTBALL

"The coach told us, 'If you have them in the fourth quarter, you will win it,'" said quarterback Brett Favre, who threw a two-yard touchdown pass to Anthony Harris with 23 seconds left Saturday night. "We knew they were scared."

The Seminoles had taken a 26-24 lead midway through the final quarter on Bill Mason's 27-yard field goal after an unusual penalty allowed Florida State to keep the football. Mason had a field goal try blocked, but the Golden Eagles' Bryant Medders was called for illegally batting the ball, giving the Seminoles a first down at the 15.

Florida State's Dexter Carter rushed for 118 yards and two touchdowns.

Favre was 21 of 39 passing for 282 yards as Southern Miss, a 22-point underdog, became the first team other than Miami to beat Florida State since Florida in 1986.

"This may not be the biggest win in USM history, but it certainly has to rank near the top and there's no doubt it's the biggest in my career," said the Southern Miss coach, Curley Hallman. "I can say that without hesitation."

Texas A&M 28, Louisiana State 16: Larry Horton returned the opening kickoff 92 yards for a touchdown and the Aggies scored twice in the final three minutes in College Station, Texas, to beat No. 7 LSU and avenge A&M's losses in its last three opening games.

With A&M ahead, 14-10, fullback Robert Wilson ran 20 yards for a touchdown. Fifteen seconds later, Kevin Smith returned an interception 40 yards for a score.

Clemson 30, Furman 0: The No. 12 Tigers' defense shut down the defending I-AA champions in Clemson, South Carolina.

Oklahoma 73, New Mexico State 3: In Norman, Oklahoma, Gary Gibbs debuted as coach with his 15th-ranked Sooners, beginning a three-year NCAA probation. They scored on their first five possessions.

West Virginia 35, Ball State 10: Major Harris passed for two touchdowns for the No. 17 Mountaineers and tailback Garrett Ford ran for two while gaining 127 yards in Morgantown, West Virginia. Ford, the son of former West Virginia running back Garrett Ford Sr., became the school's first player to gain 100 yards in his first game.

Arizona 19, Stanford 3: Doug Pfaff kicked four field goals as the No. 18 Wildcats rushed for 207 yards in Tucson, Arizona, and opened the Pacific-10 season.

Brigham Young 24, New Mexico 3: Cornerback Brian Mitchell's 97-yard interception return on the final play of the third quarter broke open a close Western Athletic Conference game for the No. 19 Cougars in Albuquerque, New Mexico. BYU's quarterback, Ty Detmer, threw for 317 yards.

Pittsburgh 38, Pacific 3: Curvin Richards ran for 112 yards and a touchdown as the No. 20 Panthers won easily at home.

Houston 69, Las Vegas 0: Andre Ware threw five touchdown passes for the No. 21 Cougars in the first half in Las Vegas. Ware completed 30 of 48 passes for 390 yards with one interception.

North Carolina State 10, Maryland 6: Anthony Barbour's seven-yard run late in the third quarter gave the No. 24 Wolfpack its victory in Raleigh, North Carolina, and defensive back Barry Anderson batted away Neil O'Donnell's pass in the end zone on the game's last play.

Rice 35, Southern Methodist 6: SMU returned to college football after serving a two-year NCAA "death penalty" but, with 17 freshmen in the starting lineup, could not stop Rice from ending an 18-game losing streak in a Southwest Conference contest in Dallas. *(AP, UPI)*

SCOREBOARD

BASEBALL

Major League Standings

(Through Saturday)

AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
Toronto	74	62	.544	—
Baltimore	73	63	.537	1
Boston	69	67	.507	5
Milwaukee	68	70	.493	7
Cleveland	63	72	.467	10½
New York	61	76	.445	13½
Detroit	49	89	.355	26

West Division

	W	L	Pct.	GB
Oakland	82	54	.603	—
Kansas City	79	56	.585	2½
California	78	57	.578	3½
Texas	69	64	.519	11½
Minnesota	68	67	.504	13½
Seattle	60	75	.444	21½
Chicago	57	78	.422	24½

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
Chicago	76	59	.563	—
St. Louis	73	61	.545	2½
New York	72	62	.537	3½
Montreal	72	63	.533	4
Pittsburgh	58	76	.433	17½
Philadelphia	54	80	.403	21½

West Division

	W	L	Pct.	GB
San Francisco	77	58	.570	—
Houston	72	63	.533	5
San Diego	70	65	.519	7
Cincinnati	66	69	.489	11
Los Angeles	64	71	.474	13
Atlanta	54	81	.400	23

Friday's Results

AMERICAN LEAGUE

Minnesota 000 210 000—3 7 0
Toronto 011 401 00x—7 9 0
Guthrie, Booker (5), Cook (7) and Laudner, Webster (8); Stottlemyre, Wells (9) and Borders. W—Stottlemyre, 6-5. L— Guthrie, 1-1. HRs—Toronto, Gruber (15), Hill (1).

Seattle 200 001 130—7 12 0
Boston 100 100 000—2 9 1
Bankhead, Jackson (7) and Valle; Smithson, Murphy (7), Stanley (8) and Cerone. W—Bankhead, 12-6. L—Smithson, 7-13. Sv—Jackson (7). HRs—Seattle, Davis (16), Leonard (22), Valle (7).

California 102 002 000— 5 10 2
New York 071 300 00x—11 15 1
Clark, Monteleone (2), Fetters (2), Corbett (5), Fraser (7) and Parrish; Terrell, Guetterman (7) and Geren. W—Terrell, 3-4. L—Clark, 0-2. Sv—Guetterman (11). HRs—California, Ray (5), Joyner (13). New York, Hall (11), Velarde (1).

Cleveland 000 000 001 000—1 6 0
Detroit 000 002 000 001—2 4 2
Black, Olin (9), Orosco (9), Jones (12) and Allanson, Skinner (8); Tanana, Henneman (9), Gibson (11) and Heath. W-Gibson, 4-8. L—Jones, 6-8. HR—Cleveland, Carter (29).

Baltimore 000 100 000— 1 4 1
Chicago 400 000 15x—10 15 2
Milacki, Weston (8), Hickey (8) and Melvin; King, Hillegas (8) and Fisk. W— King, 7-8. L—Milacki, 9-12. HR—Chicago, Boston (4).

Oakland 001 302 100 0—5 12 1
Milwaukee 011 101 001 1—6 14 3
Welch, Honeycutt (7), Eckersley (9), Burns (10) and Hassey; Bosio, Fossas (8), Crim (10) and Surhoff. W—Crim, 9-5. L—Burns, 6-3. HRs—Oakland, McGwire (25), Canseco (11). Milwaukee, Braggs (14).

Kansas City 000 200 010 002—5 8 1
Texas 000 012 000 000—3 8 1
Gordon, Crawford (8), Luecken (11), Montgomery (12) and Boone; Hough, Russell (9), Rogers (11) and Kreuter, Petralli (10). W—Luecken, 1-0. L—Rogers, 2-3. Sv—Montgomery (16). HRs—Brett (10), Stillwell (7), Jackson (27). Texas, Kunkel (7), Sierra (23).

NATIONAL LEAGUE

Cincinnati 112 321 100—11 15 1
Pittsburgh 001 212 000— 5 10 1
Robinson, Charlton (6), Roesler (8), Rodriguez (9) and Oliver; Patterson, R.Reed (4), Smith (5), Kipper (7), Bair (9) and LaValliere, Ortiz (7). W—Robinson, 4-1. L—Patterson, 0-1. HRs—Cincinnati, Benzinger (15), Quinones (10). Pittsburgh, Bonilla (19), King (5).

Chicago 000 100 000—1 5 1
Atlanta 302 000 00x—5 11 0
Wilson, Kilgus (1), Pico (5), Assenmacher (7) and Girardi, Wrona (8); Lilliquist, Stanton (9) and Russell. W—Lilliquist, 8-8. L—Wilson, 5-3. Sv—Stanton (2). HR—Chicago, Dawson (15).

Houston 000 101 202—6 9 0
St. Louis 101 000 100—3 9 1
Deshaies, Darwin (7), Agosto (8), Smith (9) and Biggio; Hill, Costello (6), Dayley (8), Quisenberry (9) and Pena, Zeile (9). W—Deshaies, 12-7. L—Costello, 3-3. HR— Houston, Reynolds (2).

New York 000 000 010—1 5 2
San Francisco 002 000 32x—7 8 1
Darling, Musselman (8) and Carter; Garrelts, Lefferts (9) and Kennedy, Bathe (9). W—Garrelts, 11-3. L—Darling, 12-11. HR—San Francisco, Mitchell (41).

Montreal 000 000 000—0 5 0
Los Angeles 000 101 00x—2 6 1
Langston, Candelaria (8) and Santovenia; Belcher and Dempsey. W—Belcher, 11-12. L—Langston, 10-6.

Saturday's Results

AMERICAN LEAGUE

Minnesota 000 000 200—2 7 0
Toronto 020 200 00x—4 4 0
R.Smith, Berenguer (8) and Harper; Cerutti, Acker (7), Henke (9) and Whitt. W—Cerutti, 10-8. L—Smith, 10-5. Sv— Henke (15). HRs—Toronto, Gruber (16), Whitt (11).

Seattle 011 001 101—5 9 3
Boston 303 000 00x—6 7 1
Dunne, Swift (3), Comstock (7), Niedenfuer (8) and Valle; Boddicker, Lamp (3), Murphy (7), L.Smith (8) and Cerone. W— Lamp, 4-1. L—Dunne, 2-9. Sv—L.Smith (20). HRs—Seattle, A.Davis (17). Boston, Evans (16).

Cleveland 011 000 020— 4 8 1
Detroit 200 400 02x—10 11 1
S.Davis, Yett (4), Walna (4), Olin (8) and Allanson, Skinner (8); Robinson, Williams (8), Henneman (9) and Heath. W—Robinson, 4-4. L—S.Davis, 1-1. HR—Cleveland, O'Brien (12).

California 000 001 000—1 4 0
New York 000 010 001—2 6 1
Witt and Schroeder; Cadaret and Geren. W—Cadaret, 5-4. L—Witt, 8-12. HRs—California, Downing (11). New York, Hall (12).

Baltimore 110 000 000—2 9 0
Chicago 000 000 010—1 6 0
Harnisch, Holton (5), Thurmond (7), Williams (7), Olson (8) and Melvin; Hibbard and Fisk. W—Holton, 5-6. L—Hibbard, 4-6.

Oakland 400 000 102—7 9 0
Milwaukee 002 000 000—2 5 1
Stewart and Steinbach; Filer, August (4), Krueger (5), Crim (9) and Surhoff. W—Stewart, 19-8. L—Filer, 5-3. HRs— Oakland, Canseco (12), McGwire (26).

Kansas City 002 010 000—3 8 1
Texas 102 120 00x—6 13 0
Leach, Leibrandt (5) and Boone; Ryan, Russell (9) and Petralli, Kreuter (6). W—Ryan, 15-9. L—Leach, 5-4. HRs—Kansas City, Jackson (28). Texas, Sierra (24).

NATIONAL LEAGUE

New York 000 010 001—2 6 2
San Francisco 020 003 01x—6 7 0
Viola, Myers (8) and Lyons; Reuschel, Brantley (9) and Brenly. W—Reuschel, 16-6. L—Viola, 2-4. HRs—New York, Elster (8), Johnson (32). San Francisco, Williams (14).

Cincinnati 200 002 101—6 9 1
Pittsburgh 000 100 010—2 7 2
Browning, Dibble (8), Franco (9) and Oliver; Walk, Kramer (7), Heaton (7), Bair (9) and Bilardello. W—Browning, 15-10. L—Walk, 11-10. Sv—Franco (30).

Chicago 610 300 000—10 12 1
Atlanta 100 001 010— 3 8 4
Maddux, Blankenship (8) and Wrona; Clary, Valdez (4), Castillo (6), Aldrich (7), Boever (9) and Russell. W—Maddux, 16-10. L—Clary, 4-3. HRs—Chicago, Wrona (1). Atlanta, Wetherby (1).

Houston 010 000 400— 5 14 2
St. Louis 122 510 10x—13 15 1
Forsch, Cano (2), Meyer (5), Clancy (7), Rhoden (8) and Trevino, Nichols (7); Power, DiPino (7), Quisenberry (7) and Zeile. W—Power, 6-6. L—Forsch, 4-5. HRs—St. Louis, Pendleton (12), Brunansky (19), Morris (2).

Philadelphia 200 000 000—2 8 2
San Diego 000 000 03x—3 5 1
Howell, Parrett (8) and Nieto; Hurst, Davis (9) and Santiago. W—Hurst, 13-9. L—Howell, 11-10. Sv—Davis (33).

Montreal 201 000 000—3 8 0
Los Angeles 000 003 001—4 11 0
B.Smith, Z.Smith (6), Candelaria (7), Burke (9) and Fitzgerald; Valenzuela, Howell (8) and Scioscia. W—Howell, 4-3. L—Burke, 7-3.

FOOTBALL

Selected College Scores

EAST

Colgate 35, Fordham 3
Delaware St. 41, Cheyney 0
Maine 28, Youngstown St. 14
Pittsburgh 38, Pacific U. 3
West Virginia 35, Ball St. 10

MIDWEST

E. Michigan 30, Kent St. 7
Indiana St. 21, Cent. Missouri 15
Kansas 41, Montana St. 17
Mankato St. 22, N. Iowa 14
Morgan St. 31, Norfolk St. 20
N. Illinois 26, Fullerton St. 17
Rutgers 17, Cincinnati 17, tie
SW Missouri St. 20, NW Louisiana 10
Toledo 27, Ohio U. 18
W. Illinois 24, Ark.-Monticello 10
W. Kentucky 17, Illinois St. 12
W. Michigan 31, Temple 24

SOUTHWEST

Angelo St. 31, Lamar 28
Oklahoma 73, New Mexico St. 3
Rice 35, Southern Meth. 6
Texas A&I 28, SW Texas St. 13
Texas A&M 28, LSU 16
Texas Southern 45, Prairie View 7
Tulsa 23, Texas-El Paso 14

FAR WEST

Air Force 52, San Diego St. 36
Arizona 19, Stanford 3
Brigham Young 24, New Mexico 3
Fresno St. 52, Utah 27
Houston 69, Nev.-Las Vegas 0
Long Beach St. 28, Northridge St. 9
Louisville 28, Wyoming 21
Montana 41, E. New Mexico 15
N. Arizona 42, Abilene Christian 13
Nevada-Reno 41, S. Illinois 3
Washington St. 41, Idaho 7

SOUTH

Alabama St. 16, Troy St. 13
Appalachian St. 43, Gardner-Webb 7
Clemson 30, Furman 0
E. Illinois 36, Austin Peay 0
E. Kentucky 31, W. Carolina 13
E. Tennessee St. 17, VMI 16
Florida A&M 41, Tuskegee 9
Georgia Southern 31, Valdosta St. 10
Hampton U. 6, Miss. Valley St. 3
Howard U. 40, Dist. of Columbia 0
Jacksonville St. 19, Samford 9
James Madison 48, Bloomsburg 3
Louisiana Tech 40, SW Louisiana 14
Marshall 48, Catawba 0
McNeese St. 28, Mississippi Col. 21
Middle Tenn. 36, Tennessee St. 7
Mississippi 20, Memphis St. 13
Mississippi St. 42, Vanderbilt 7
Murray St. 24, Tenn.-Martin 3
N. Carolina A&T 24, N.C. Central 6
N. Carolina St. 10, Maryland 6
S. Carolina St. 32, Presbyterian 27
S. Mississippi 30, Florida St. 26
South Carolina 27, Duke 21
Stephen F.Austin 41, Jackson St. 28
Tennessee 17, Colorado St. 14
Tennessee Tech 38, Lock Haven 17
Villanova 20, Richmond 17
Virginia Tech 29, Akron 3

CFL Standings

Eastern Division

	W	L	T	PF	PA	Pts
Hamilton	5	3	0	220	243	10
Toronto	4	4	0	137	159	8
Winnipeg	4	4	0	204	194	8
Ottawa	0	8	0	175	296	0

Western Division

	W	L	T	PF	PA	Pts
Edmonton	7	1	0	267	111	14
Calgary	5	3	0	225	208	10
Saskatchewan	4	4	0	262	277	8
Br.Columbia	3	5	0	221	233	6

SOCCER

DUTCH FIRST DIVISION

Twente 2, Ajax 1
PSV Eindhoven 1, BVV Den Bosch 1
Vitesse Arnhem 2, Feyenoord 1

SPANISH FIRST DIVISION

Real Valladolid 2, Barcelona 0
Athletic Bilbao 1, Real Sociedad 0
Valencia 1, Atletico Madrid 3
Malaga 1, Celta 1

WEST GERMAN FIRST DIVISION

FC St. Pauli 1, FC Cologne 1
Bayer Leverkusen 3, Waldhof Mannheim 0
FC Kaiserslautern 2, Eintracht Frankfurt 1
FC Nuremberg 2, Borussia Moenchengladbach 0
Borussia Dortmund 3, FC Homburg 0
Fortuna Duesseldorf 4, VfB Stuttgart 2

ITALIAN FIRST DIVISION

Bologna 2, Internazionale of Milan 2
Cremonese 1, Cesena 2
Fiorentina 0, Genoa 0
Lecce 2, Atalanta of Bergamo 1
Milan 0, Lazio of Rome 1
Napoli 1, Udinese 0
Roma 0, Ascoli 0
Sampdoria of Genoa 0, Bari 0
Verona 4, Juventus of Turin 1

TENNIS

U.S. Open

MEN

Third Round

Boris Becker (2), West Germany, def. Miloslav Mecir, Czechoslovakia, 6-4, 3-6, 6-4, 6-3; Paul Haarhuis, Netherlands, def. Miguel Nido, Puerto Rico, 7-5, 7-6 (7-5), 6-0; Jay Berger (11), U.S., def. Ken Flach, U.S., 6-7 (10-12), 4-6, 6-2, 6-3, 6-4; Aaron Krickstein (14), U.S., def. Alexander Volkov, Soviet Union, 3-6, 3-6, 6-4, 6-2, 6-3; Alberto Mancini (10), Argentina, def. Martin Jaite, Argentina, 7-5, 3-6, 6-1, 6-4.

Pete Sampras, U.S., def. Jaime Yzaga, Peru, 4-6, 6-4, 6-3, 6-2; Andrei Chesnokov (16), Soviet Union, def. Jeff Tarango, U.S., 6-4, 6-4, 6-2; Ivan Lendl (1), Czechoslovakia, def. Jim Courier, U.S., 6-1, 6-2, 6-3; Michael Chang (7), U.S., def. Pieter Aldrich, South Africa, 6-0, 7-6 (7-4), 6-4; Mikael Pernfors, Sweden, def. Carl-Uwe Steeb (15), West Germany, 7-5, 4-6, 7-5, 6-4.

Jimmy Connors (13), U.S., def. Andres Gomez, Ecuador, 6-1, 4-6, 6-2, 6-0; Yannick Noah, France, def. Amos Mansdorf, Israel, 3-6, 3-6, 7-6 (7-3), 7-5, 6-2; Stefan Edberg (3), Sweden, def. Milan Srejber, Czechoslovakia, 6-2, 1-6, 6-2, 6-1; Jim Grabb, U.S., def. Emilio Sanchez (12), Spain, 4-6, 6-3, 7-6 (7-5), 6-7 (5-7), 6-4; Andre Agassi (6), U.S., def. Philip Johnson, U.S., 6-1, 7-5, 6-2.

Tim Mayotte (9), U.S., def. Ronald Agenor, Haiti, 6-1, 7-6 (7-5), 6-3.

Fourth Round

Jay Berger (11), U.S., def. Pete Sampras, U.S., 7-5, 6-2, 6-1.

WOMEN

Third Round

Donna Faber, U.S., def. Hana Mandlikova (16), Australia, 6-3, 3-6, 6-1; Martina Navratilova (2), U.S., def. Sabrina Goles, Yugoslavia, 6-4, 6-0; Barbara Paulus, Austria, def. Susan Sloane, U.S., 6-4, 4-6, 6-2; Larisa Savchenko, Soviet Union, def. Halle Cioffi, U.S., 3-6, 6-3, 6-1; Gabriela Sabatini (3), Argentina, def. Leila Meskhi, Soviet Union, 6-2, 6-0.

Helena Sukova (8), Czechoslovakia, def. Anne Minter, Australia, 1-6, 6-2, 6-1; Rosalyn Fairbank, U.S., def. Andrea Temesvari, Hungary, 4-6, 6-4, 6-3; Arantxa Sanchez-Vicario (4), Spain, def. Sandra Wasserman, Belgium, 6-1, 2-6, 6-4; Steffi Graf (1), West Germany, def. Terry Phelps, U.S., 6-1, 6-1; Conchita Martinez (15), Spain, def. Sylvia Hanika, West Germany, 7-5, 6-1.

Fourth Round

Zina Garrison (5), U.S., def. Donna Faber, U.S., 6-4, 7-6 (7-4); Manuela Maleeva (7), Bulgaria, def. Natalia Zvereva (13), Soviet Union, 6-2, 6-0; Martina Navratilova (2), U.S., def. Regina Rajchrtova, Czechoslovakia, 6-2, 6-0; Chris Evert (4), U.S., def. Monica Seles (12), Yugoslavia, 6-0, 6-2.

SIDELINES

Ballesteros Captures European Masters Golf

CRANS-SUR-SIERRE, Switzerland (AP) — Severiano Ballesteros of Spain outdueled Craig Parry of Australia Sunday and won the $655,000 European Masters golf tournament by two strokes.

Ballesteros finished with a five-under-par 67 and a 266 total. Stephen Bennett of England was third, with José Rivero of Spain and Paolo Quirici of Switzerland fourth.

Ballesteros had not won a tournament since May. "For three months, it's been tough," he said. "I knew I had the game but I just couldn't find it."

For the Record

Greg Norman blew a four-stroke lead, then recovered with three birdies on the final seven holes Sunday for a three-shot victory over Andy Bean in the Greater Milwaukee Open. Norman shot 70 for the round, Bean 66. *(AP)*

The yacht U.S. Women's Challenge, the Whitbread Round the World race's only U.S. entry, returned to Southampton, England, for lack of a sponsor as the race started Saturday. *(AP)*

Cyclist Greg LeMond, reportedly set to earn $5.7 million over three years, was quoted Saturday as saying he has not yet decided what team he will sign with for next year and is continuing talks. *(AP)*

Somali star Abdi Bile won the men's 1,500 meters in 3:30.55 at a track meet in Rieti, Italy, Sunday. It was the best in the world this year and the fifth fastest ever. (AP)

Diego Maradona boarded a Madrid-bound plane Sunday in Buenos Aires, apparently ending the extended vacation holidays that forced Napoli to start the Italian season without him. *(Reuters)*

Australian businessman Alan Bond said Sunday he is pulling out of the America's Cup because of confusion over the future of the yachting prize. Bond bankrolled Australia's 1983 victory. *(Reuters)*

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Programming Soul Into Synthesizers

By Mike Zwerin
International Herald Tribune

PARIS — Imagine the young composer disc-driving in the cockpit of his skylab, monitoring screens and sampling sound. Like a synthetic astronaut with a degree in aeronautical engineering, Wally Badarou — whose professional life is "dedicated to proving that the synthesizer is not cold" — has customized his engine to personal specifications.

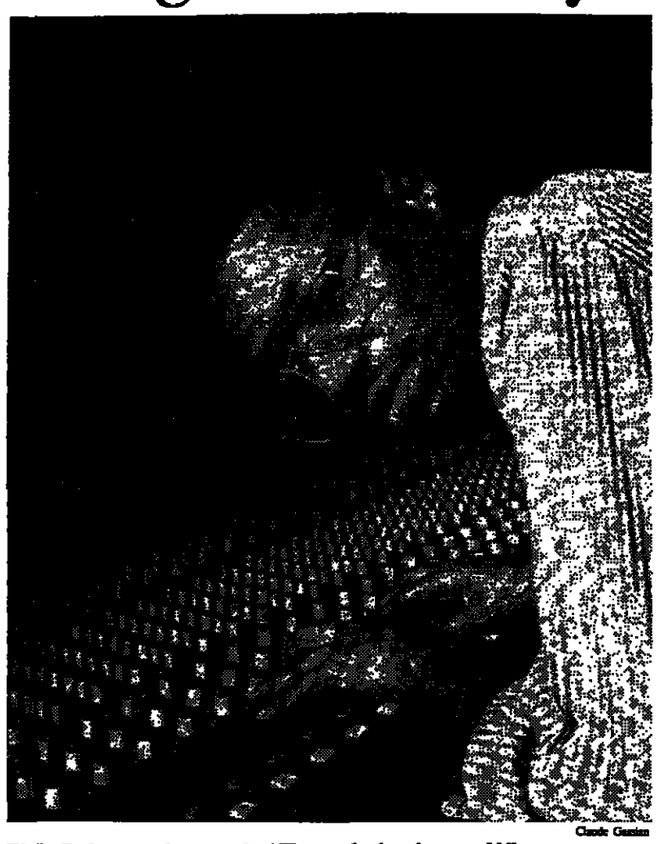
On his new album, "Words of a Mountain" (Island), he is credited with playing a "Synclavier Digital Music System in conjunction with the Performer software run on an Apple MacIntosh both controlling other devices such as Yamaha TX-816, SPX-90 and REV-7, Roland Digital Piano, Oberheim OB-8, Korg Digital Voice Processor, AKAI S-900 and Linn 9,000 mixed on Sony PCM-F1 and DAT."

"Synthesizer" has become generic, like "strings" or "wind instruments," and "synthetic" is no longer pejorative. Badarou's synthesized cellos pay homage to Brahms accompanied by the winds of Mars. Folklore filtered through funk is followed by calypso, heavenly voices, birds, a flute and frog program, and an electronic big band. More than a byte of Ravel throughout.

"Technology should be transparent," he says. "I did not want the record to sound self-consciously synthetic." Note the ameliorative sense of the word. "The technique of a truly great violinist is not his most important aspect. And who cares if Voyager 2 is 12-year-old technology, the important thing is that it is flashing back photographs of Neptune. The synthesizer is only 'cold' if the user is not artistic enough to dream up something organically warm, and knowledgable enough to realize his dreams."

With this hardware, however, the human touch is meaningless without electric current. It has a pacemaker for a heart, better than no heart at all but where's the electronic equivalent of soul? If not intrinsically "cold," a synthesizer still is not played but programmed. Recent technology makes it possible to program a rhythm box to simulate the sort of human "imperfections" in time-keeping that produce the pulse called "swing," but it still sounds like a drum machine. Never mind. Along with Joe Zawinul and only a handful of others, Wally Badarou manages to program his own personality into the software. This is a different sort of African musician.

What he calls the "cement" of his culture is French. He first went "home" to Africa — Benin (formerly Dahomey) — at the age of 7 with his parents, who had been studying medicine in Paris. His father was appointed minister of health, minister of foreign affairs and then, when Wally was 17, ambassador to France. In law school in Nanterre without much enthusiasm, he longed to be a pilot, an impossible dream with his low math grades. The first time he went into a recording studio to make a demo with a student rock band, there was a "real hot flash." He felt as if he were in a cockpit.


Claude Gassian
Wally Badarou at the controls: "The synthesizer is not cold."

Truly excited, he says: "It's exciting to realize that this boy from Benin is capable of dealing with Hollywood film people." This month he is flying there to start work on the sound track of Eddie Murphy's next film, collaborating with Herbie Hancock.

When they first met on the set of "Round Midnight" in Paris several years ago, Hancock told Badarou how much he liked his solo on Talking Heads' "Speaking in Tongues" album. Which was weird because Badarou had been afraid it sounded too much like Hancock to begin with. After the Murphy film, he will produce an album for Hancock, who is his "hero and model."

Both of them are plugged into PAN, Professional Artists Network, several thousand creative and friendly users of home computers — artists, sound engineers, programmers, songwriters — linked by modem. They exchange sounds, designs, consumer information.

"This sort of easy communication makes people who usually work all alone at home with a certain amount of anguish feel less lonely," Badarou says. "Ideas are shared. We even have multi-terminal debates. It's a great way to keep informed, it's expensive but invaluable — especially when you live down in Nassau."

In the early '80s, he moved to Nassau, where Chris Blackwell of Island Records has his Compass Point Studio and where he helped create a happy and swinging style that came to be called the Nassau Sound. Working with such acts as Joe Cocker, Foreigner, Mick Jagger, Robert Palmer, Black Uhuru and Marianne Faithfull, he became a sought-after accompanist and producer, but neither role was what he had in mind. He would rather "explore the multi-facets of my culture, of my experience, I want to make my own music. As far as live performance is concerned I think in terms of events rather than concerts — although I don't much like the comparison, something like Jean-Michel Jarre."

It would be difficult to find a more eventful event than the one he worked on for six months this year. Appointed musical director of the July 14 bicentennial commemoration of the French Revolution, he directed 3,500 musicians, including 1,500 drummers, 1,000 musicians playing traditional instruments like bagpipes and accordions, 11 members of the Ensemble Intercontemporain of Pierre Boulez, Jamaicans and Indians representing contemporary London with "house music" and ghetto-blasting sound systems, a 600-voice choir including women singing traditional Russian songs, and Jessye Norman, a vocal choir unto herself. They marched from Place de l'Etoile to Place de la Concorde playing Badarou's arrangements and compositions. Coming together around the Obelisk, they performed his five-minute "Prélude à la Marseillaise" before Norman sang the hymn.

He interprets the awarding of such prestige and responsibility to an African as "a message from François Mitterrand. It's a political message, that's for sure. And it's logical when you think about it. It's all about *brassage*, a melting pot of culture. In 1789, France made a statement about human rights and 200 years later the world paid tribute to France for having done that."

Before the preparation and as soon as possible after the celebration, Badarou was to be found at the controls of his Synclavier, which can cost more than $100,000 with extras and which he bought "without a penny in my pocket, thanks to Chris Blackwell, who advanced me the money." He smiles with satisfaction. "I've been fortunate enough not only to be able to reimburse him, but I'm now able to buy more of them if I want to."

He has become an official resident of Nassau, convenient for taxes he admits, but coincidental. Basically his life is connected to his Synclavier — it cannot exactly be called portable — like a patient with a kidney disease to a dialysis machine. "'Words of a Mountain' was like solitary navigation," he says. "I was the only person in my skylab in Nassau. I did everything — maintenance, engineering, miking, producing, writing. To do all that I needed my trusty machines."

LANGUAGE

'Arise Sir Loin' and Other Myths

By Richard Lederer

ETYMOLOGY — The study of the origin and development of words, affixes and phrases — is populated by all manner of ghoulies and ghosties and long-leggety beasties. Spook etymologists would rather invent a dramatic word origin than trace a word to its source, and it was such fanciful etymologizing that fired Mark Twain to pen his satirical derivation of *Middletown* from *Moses*: by "dropping the *-oses* and adding the *-iddletown*."

Take the words *sirloin* and *marmalade*. In his "Polite Conversations" (1738), Jonathan Swift wrote: "Our King James First . . . being invited to Dinner by one of his Nobles, and seeing a large Loyn of Beef at his table, drew out his sword, and knighted it." ("Arise, Sir Loin," the king was supposed to have said.)

Mary Queen of Scots, so goes another story, was temperamental about her fare and, when piqued, would eat nothing but a preserve of oranges. The delicacy was nicknamed "Marie malade," hence *marmalade*.

In truth, the word *sirloin*, for the upper or choicer part of a loin of beef, was borrowed from the Old French *surloigne (sur*, "above" + *loigne*, "loin") centuries before James I was born.

Similarly, *marmalade* did not begin with a royal whim. The word comes from the Portuguese *marmalada*, "quince," which in turn descends from the Greek *melimelon (meli*, "honey" + *melon*, "apple").

More spookery can be found in the game of tennis, where *love* means "no points." Supposedly, the term derives from the French *l'oeuf* — "the egg" — because a zero resembles an egg. But *un oeuf* would be the more likely French form and, besides, the French themselves designate "no score" in tennis by saying "zero." Most tennis historians contend that the tennis word is rooted in the Old English expression "neither love nor money," in which love signifies nothing, the antithesis of money.

Spook etymologists maintain that *posh*, for "elegant, swanky," is the acronym for "p(ort) o(ut), s(tarboard) h(ome)." When British colonial emissaries and wealthy vacationers made passage to and from India and the Orient, they often traveled along the coast of Africa on the Peninsular and Oriental Steam Navigation Company line and sought ideal accommodations "away from the weather." By paying for two staterooms — one portside out, the other starboard home — the very rich could avoid the hot sun and strong winds both ways, an act of conspicuous consumption that has become synonymous with anything luxurious.

This derivation of *posh* is bosh. For one thing, the monsoon winds that blow in and out of the Asian heartland shift from winter to summer so that the sheltered and exposed sides of a ship change seasonally. For another thing, according to a 1971 article by G. Chowdharay-Best in "Mariner's Mirror," an examination of the deck plans of the ships of the period reveals that the cabins were placed centrally, the port and starboard sides being taken up with corridors. Finally, *posh* appears neither in the travelers' literature of the period nor in the records of the famous P&O line.

The editors of the Oxford English Dictionary Supplement (1982) conclude that the connection between *posh* and the locations of cabins on ship "is often put forward but lacks foundation." More likely and mundanely, *posh* hails from British slang of the same spelling that means "a dandy."

The spooks also bewitch us with tales that *sincere* issues from the Latin *sine cera* ("without wax"), the idea being that devious Roman purveyors of marble and pottery polished their wares with wax to hide cracks and holes. Honest merchants, who did not doctor their products, proudly displayed them *sine cera*. Once again, the counterfeit etymology sounds better than the real thing. The word descends from the Latin *sincerus*, "pure, genuine, perhaps originally of one growth, not hybrid."

□

This past July, President Bush marked the 20th anniversary of the first lunar landing by proposing that the United States establish a base on the moon as a stepping satellite for a manned mission to Mars. Estimates of the total cost of Bush's expanded space program ran as high as $400 billion, moving the House majority leader, Richard A. Gephardt of Missouri, to warn: "Mr. President, there's no such thing as a free launch."

Gephardt had made an elegant play on "There's no such thing as a free lunch" — an aphorism of political economy now heard throughout the land. But whence this quotation?

A search through several dictionaries of contemporary quotations led inevitably to Milton Friedman, the economist and informal adviser to Barry Goldwater and Richard M. Nixon. Friedman tossed off the aphorism in a 1973 Playboy interview that appears in his book "There's No Such Thing as a Free Lunch" (1975). In 1977, he said to members of the Knesset finance committee in Jerusalem: "There is no such thing as a free lunch. That is the sum of my economic theory. The rest is elaboration."

An avid reader of science fiction, I knew that *free lunch* has had a longer history. The acronym TANSTAAFL (for "There ain't no such thing as a free lunch") was popularized in Robert A. Heinlein's "The Moon Is a Harsh Mistress," a science-fiction best seller that first appeared in 1968.

I telephoned Friedman's office at the Hoover Institution at Stanford University. She said that the office received many calls and inquiries each year asking if Friedman were the originator of "There's no such thing as a free lunch." She assured me that, although he had popularized it in his Newsweek columns, he could not claim credit for coining the saying.

She referred me to "The New Palgrave: A Dictionary of Economics" (1987) and an article therein by Robert Hessen, which, she asserted, was the definitive statement on *free lunch*.

That it is. Hessen writes: "'There's no such thing as a free lunch' dates back to the 19th century, when saloon and tavern owners advertised 'free' sandwiches and tidbits to attract midday patrons. Anyone who ate without buying a beverage soon discovered that 'free lunch' wasn't meant to be taken literally; he would be tossed out unceremoniously."

Hessen traces the passing of *free lunch* into the marketplace of ideas, beginning with the time of the New Deal, when it first acquired its present-day connotation of the welfare state's being an illusion.

Richard Lederer is author of the recently published book "Crazy English." William Safire is on vacation.

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